

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2026

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-38285

BANDWIDTH INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

56-2242657

(I.R.S. Employer
Identification Number)

2230 Bandmate Way
Raleigh, NC 27607

(Address of principal executive offices) (Zip Code)

(800) 808-5150

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

Class A Common Stock, par value \$0.001 per share

BAND

NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 24, 2026, 30,222,760 shares of the registrant's Class A common stock and 1,958,028 shares of the registrant's Class B common stock were outstanding.

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Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements contained in this Quarterly Report on Form 10-Q, other than statements of historical fact, are forward-looking statements. Forward-looking statements generally can be identified by the words “may,” “will,” “expect,” “believe,” “anticipate,” “intend,” “could,” “would,” “project,” “plan,” “estimate,” or “continue,” or the negative of these words or other similar terms or expressions that concern our expectations strategy, plans or intentions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- our beliefs regarding the impact of macroeconomic conditions, including inflationary and/or recessionary pressures, on our business and financial condition;
- our ability to attract and retain customers, including large enterprises;
- our approach to identifying, attracting and keeping new and existing customers, as well as our expectations regarding customer turnover;
- our beliefs regarding network traffic growth and other trends related to the usage of our products and services;
- the impact of our customers’ violation of applicable laws, our policies or other misuse of our platform;
- our ability to successfully defend our network, systems and data against ever-evolving cybersecurity threats, including denial-of-service and ransomware attacks;
- our expectations regarding revenue, costs, expenses, gross margin, net retention rate, Adjusted EBITDA, non-generally accepted accounting principles in the United States of America (“GAAP”) net income and capital expenditures;
- our beliefs regarding the growth of our business and how that impacts our liquidity and capital resources requirements;
- our expectations about the impact of public health epidemics, such as COVID-19, or natural disasters on the global economy and our business, results of operations and financial condition;
- the sufficiency of our cash and cash equivalents to meet our liquidity needs;
- our ability to attract, train, and retain qualified employees and key personnel;
- our beliefs regarding the expense and productivity of and competition for our sales force;
- our expectations regarding headcount;
- our ability to maintain and benefit from our corporate culture;
- our plans to further invest in and grow our business, including international offerings, and our ability to effectively manage our growth and associated investments;
- our ability to introduce new products and services and enhance existing products and services;
- our ability to successfully integrate and benefit from any strategic acquisitions, including our acquisition of Voxbone, or future strategic acquisitions or investments;
- our ability to effectively manage our international operations and expansion;
- our ability to compete successfully against current and future competitors;

- the evolution of technology affecting our products, services and markets;
- the impact of certain new accounting standards and guidance, as well as the time and cost of continued compliance with existing rules and standards;
- our beliefs regarding the use of Non-GAAP financial measures;
- our ability to comply with modified or new industry standards, laws and regulations applicable to our products, services and business, including the General Data Protection Regulation (“GDPR”), the California Consumer Privacy Act of 2018 and other privacy regulations that may be implemented in the future, and Secure Telephone Identity Revisited and Signature-based Handling of Asserted Information Using toKENs (“STIR/SHAKEN”), and other robocalling prevention and anti-spam standards and increased costs associated with such compliance;
- our ability to manage fees that have been or may be instituted by network providers that increase our costs;
- our ability to maintain, protect and enhance our intellectual property;
- our expectations regarding litigation and other pending or potential disputes;
- our ability to service the interest on our 2028 Convertible Notes (as defined herein) and repay our 2028 Convertible Notes and 2032 Convertible Notes (as defined herein), to the extent required; and
- other risks related to our indebtedness.

We caution you that the foregoing list may not contain all the forward-looking statements made in this Quarterly Report on Form 10-Q.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

BANDWIDTH INC. **Condensed Consolidated Balance Sheets** (In thousands, except share and per share amounts) (Unaudited)

	As of June 30, 2026	As of December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 169,902	\$ 102,788
Marketable securities	4,455	8,476
Accounts receivable, net of allowance	110,294	91,409
Deferred costs	4,384	4,830
Prepaid expenses and other current assets	17,089	11,557
Total current assets	306,124	219,060
Property, plant and equipment, net	165,771	174,251
Operating right-of-use asset, net	151,853	152,950
Intangible assets, net	121,361	138,742
Deferred costs, non-current	2,322	3,098
Other long-term assets	7,426	7,754
Goodwill	346,581	356,772
Total assets	\$ 1,101,438	\$ 1,052,627
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 49,143	\$ 42,600
Accrued expenses and other current liabilities	87,297	91,151
Current portion of deferred revenue	8,796	8,742
Operating lease liability, current	4,542	3,947
Current portion of convertible senior notes	—	7,627
Total current liabilities	149,778	154,067
Other liabilities	1,727	555
Operating lease liability, net of current portion	219,110	221,019
Deferred revenue, net of current portion	3,226	4,972
Deferred tax liability	18,655	24,479
Convertible senior notes	330,769	247,562
Total liabilities	723,265	652,654
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock: \$0.001 par value; 10,000,000 shares authorized; 0 shares issued and outstanding	—	—
Class A voting common stock: \$0.001 par value; 100,000,000 shares authorized; 30,798,554 and 29,385,869 shares issued as of June 30, 2026 and December 31, 2025, respectively; 30,221,760 and 29,385,869 shares outstanding as of June 30, 2026 and December 31, 2025, respectively	31	29
Class B voting common stock: \$0.001 par value; 20,000,000 shares authorized; 1,958,028 shares issued and outstanding as of June 30, 2026 and December 31, 2025	2	2
Treasury common stock: shares, at cost; 576,794 and 0 shares as of June 30, 2026 and December 31, 2025, respectively	(20,012)	—
Additional paid-in capital	490,860	485,836
Accumulated deficit	(77,821)	(84,326)
Accumulated other comprehensive loss	(14,887)	(1,568)
Total stockholders' equity	378,173	399,973
Total liabilities and stockholders' equity	\$ 1,101,438	\$ 1,052,627

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BANDWIDTH INC.
Condensed Consolidated Statements of Operations
(In thousands, except share and per share amounts)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Revenue	\$ 219,897	\$ 180,013	\$ 428,681	\$ 354,254
Cost of revenue	141,354	108,349	272,224	211,078
Gross profit	78,543	71,664	156,457	143,176
Operating expenses				
Research and development	37,343	31,749	75,809	62,381
Sales and marketing	25,360	24,818	49,987	51,274
General and administrative	20,393	18,845	39,835	37,956
Total operating expenses	83,096	75,412	165,631	151,611
Operating loss	(4,553)	(3,748)	(9,174)	(8,435)
Other income (expense)				
Net gain on extinguishment of debt	5,163	—	12,446	1,082
Interest expense, net	(967)	(547)	(1,640)	(1,035)
Other (expense) income, net	(45)	(500)	558	(217)
Total other income (expense)	4,151	(1,047)	11,364	(170)
(Loss) income before income taxes	(402)	(4,795)	2,190	(8,605)
Income tax benefit (provision)	2,789	(136)	4,315	(66)
Net income (loss)	<u>\$ 2,387</u>	<u>\$ (4,931)</u>	<u>\$ 6,505</u>	<u>\$ (8,671)</u>
Net income (loss) per share				
Basic	\$ 0.07	\$ (0.16)	\$ 0.20	\$ (0.29)
Diluted	\$ (0.07)	\$ (0.16)	\$ (0.15)	\$ (0.29)
Numerator used to compute net income (loss) per share:				
Basic	\$ 2,387	\$ (4,931)	\$ 6,505	\$ (8,671)
Diluted	\$ (2,395)	\$ (4,931)	\$ (5,036)	\$ (8,671)
Weighted average number of common shares outstanding:				
Basic	32,129,631	29,889,020	31,906,992	29,438,230
Diluted	33,490,677	29,889,020	33,225,729	29,438,230

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BANDWIDTH INC.
Condensed Consolidated Statements of Comprehensive (Loss) Income
(In thousands)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Net income (loss)	\$ 2,387	\$ (4,931)	\$ 6,505	\$ (8,671)
Other comprehensive (loss) income				
Unrealized (loss) gain on marketable securities, net of income taxes	(16)	1	(13)	54
Foreign currency translation, net of income taxes	(2,458)	34,781	(13,306)	50,190
Total other comprehensive (loss) income	(2,474)	34,782	(13,319)	50,244
Total comprehensive (loss) income	\$ (87)	\$ 29,851	\$ (6,814)	\$ 41,573

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BANDWIDTH INC.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(In thousands, except share amounts)
(Unaudited)

	Class A voting common stock		Class B voting common stock		Treasury common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2024	26,588,688	\$ 27	1,958,028	\$ 2	—	\$ —	\$ 435,927	\$ (52,009)	\$ (71,414)	\$ 312,533
Exercises of vested stock options	925	—	—	—	—	—	9	—	—	9
Vesting of restricted stock units	1,348,320	1	—	—	—	—	—	—	—	1
Equity awards withheld for tax liability	(183,018)	—	—	—	—	—	(2,932)	—	—	(2,932)
Unrealized gain on marketable securities	—	—	—	—	—	—	—	53	—	53
Foreign currency translation	—	—	—	—	—	—	—	15,409	—	15,409
Stock-based compensation	—	—	—	—	—	—	24,073	—	—	24,073
Net loss	—	—	—	—	—	—	—	—	(3,740)	(3,740)
Balance at March 31, 2025	27,754,915	28	1,958,028	2	—	—	457,077	(36,547)	(75,154)	345,406
Exercises of vested stock options	3,928	—	—	—	—	—	37	—	—	37
Vesting of restricted stock units	419,088	—	—	—	—	—	—	—	—	—
Equity awards withheld for tax liability	(727)	—	—	—	—	—	(9)	—	—	(9)
Unrealized gain on marketable securities	—	—	—	—	—	—	—	1	—	1
Foreign currency translation	—	—	—	—	—	—	—	34,781	—	34,781
Stock-based compensation	—	—	—	—	—	—	9,253	—	—	9,253
Net loss	—	—	—	—	—	—	—	—	(4,931)	(4,931)
Balance at June 30, 2025	28,177,204	28	1,958,028	2	—	—	466,358	(1,765)	(80,085)	384,538
Exercises of vested stock options	3,500	—	—	—	—	—	34	—	—	34
Vesting of restricted stock units	382,715	1	—	—	—	—	—	—	—	1
Equity awards withheld for tax liability	(149)	—	—	—	—	—	(3)	—	—	(3)
Unrealized loss on marketable securities	—	—	—	—	—	—	—	(38)	—	(38)
Foreign currency translation	—	—	—	—	—	—	—	489	—	489
Stock-based compensation	—	—	—	—	—	—	8,964	—	—	8,964
Net loss	—	—	—	—	—	—	—	—	(1,241)	(1,241)
Balance at September 30, 2025	28,563,270	29	1,958,028	2	—	—	475,353	(1,314)	(81,326)	392,744
Exercises of vested stock options	3,061	—	—	—	—	—	29	—	—	29
Vesting of restricted stock units	819,594	—	—	—	—	—	—	—	—	—
Equity awards withheld for tax liability	(56)	—	—	—	—	—	(1)	—	—	(1)
Unrealized loss on marketable securities	—	—	—	—	—	—	—	8	—	8
Foreign currency translation	—	—	—	—	—	—	—	(382)	—	(382)
Unrealized gain on employee benefit pension plan	—	—	—	—	—	—	—	120	—	120
Stock-based compensation	—	—	—	—	—	—	10,455	—	—	10,455
Net loss	—	—	—	—	—	—	—	—	(3,000)	(3,000)
Balance at December 31, 2025	29,385,869	29	1,958,028	2	—	—	485,836	(1,568)	(84,326)	399,973

BANDWIDTH INC.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(In thousands, except share amounts)
(Unaudited)

	Class A voting common stock		Class B voting common stock		Treasury common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Exercises of vested stock options	4,641	—	—	—	—	—	44	—	—	44
Vesting of restricted stock units	1,355,634	1	—	—	—	—	—	—	—	1
Equity awards withheld for tax liability	(375,553)	—	—	—	—	—	(5,646)	—	—	(5,646)
Repurchase of Class A common stock	—	—	—	—	313,936	(5,009)	—	—	—	(5,009)
Unrealized gain on marketable securities	—	—	—	—	—	—	—	3	—	3
Foreign currency translation	—	—	—	—	—	—	—	(10,848)	—	(10,848)
Stock-based compensation	—	—	—	—	—	—	23,035	—	—	23,035
Net income	—	—	—	—	—	—	—	—	4,118	4,118
Balance at March 31, 2026	30,370,591	30	1,958,028	2	313,936	(5,009)	503,269	(12,413)	(80,208)	405,671
Exercises of vested stock options	37,055	—	—	—	—	—	489	—	—	489
Vesting of restricted stock units	395,856	—	—	—	—	—	—	—	—	—
Equity awards withheld for tax liability	(4,948)	1	—	—	—	—	(223)	—	—	(222)
Repurchase of Class A common stock	—	—	—	—	262,858	(15,003)	—	—	—	(15,003)
Capped call option purchase price	—	—	—	—	—	—	(21,821)	—	—	(21,821)
Unrealized loss on marketable securities	—	—	—	—	—	—	—	(16)	—	(16)
Foreign currency translation	—	—	—	—	—	—	—	(2,458)	—	(2,458)
Stock-based compensation	—	—	—	—	—	—	9,146	—	—	9,146
Net income	—	—	—	—	—	—	—	—	2,387	2,387
Balance at June 30, 2026	30,798,554	\$ 31	1,958,028	\$ 2	576,794	\$ (20,012)	\$ 490,860	\$ (14,887)	\$ (77,821)	\$ 378,173

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BANDWIDTH INC.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six months ended June 30,	
	2026	2025
Cash flows from operating activities		
Net income (loss)	\$ 6,505	\$ (8,671)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	35,114	25,818
Non-cash reduction to the right-of-use asset	1,676	1,620
Amortization of debt discount and issuance costs	591	709
Stock-based compensation	25,597	26,120
Deferred taxes and other	(5,008)	(2,923)
Net gain on extinguishment of debt	(12,446)	(1,082)
Changes in operating assets and liabilities:		
Accounts receivable, net of allowance	(19,194)	(1,763)
Prepaid expenses and other assets	(4,280)	(1,465)
Accounts payable	8,606	(8,247)
Accrued expenses and other liabilities	2,271	(1,490)
Operating right-of-use liability	(1,892)	12
Net cash provided by operating activities	37,540	28,638
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,721)	(10,938)
Capitalized software development costs	(4,662)	(5,364)
Purchase of marketable securities	(6,419)	(10,702)
Proceeds from sales and maturities of marketable securities	10,426	4,731
Proceeds from sale of business	—	206
Net cash used in investing activities	(10,376)	(22,067)
Cash flows from financing activities		
Borrowings on line of credit	148,700	28,500
Repayments on line of credit	(148,700)	(28,500)
Proceeds from issuance of convertible senior notes	316,250	—
Net cash paid for debt extinguishment	(216,186)	(26,144)
Purchase of capped call	(21,821)	—
Repurchase of Class A common stock	(20,000)	—
Payment of debt issuance costs	(12,028)	—
Value of equity awards withheld for tax liabilities and other	(5,215)	(2,923)
Net cash provided by (used in) financing activities	41,000	(29,067)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,151)	657
Net increase (decrease) in cash, cash equivalents, and restricted cash	67,013	(21,839)
Cash, cash equivalents, and restricted cash, beginning of period	103,160	82,234
Cash, cash equivalents, and restricted cash, end of period	\$ 170,173	\$ 60,395
Reconciliation of cash, cash equivalents, and restricted cash, end of period		
Cash and cash equivalents	\$ 169,902	\$ 60,136
Restricted cash included in prepaid expenses and other current assets	271	259
Total cash, cash equivalents, and restricted cash, end of period	\$ 170,173	\$ 60,395

BANDWIDTH INC.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six months ended June 30,	
	2026	2025
Supplemental disclosure of cash flow information		
Cash paid for (received from) interest	\$ 207	\$ (246)
Cash paid for taxes, net	\$ 1,094	\$ 782
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 633	\$ 1,434
Supplemental disclosure of noncash investing and financing activities		
Purchase of property, plant and equipment, accrued but not paid	\$ 4,063	\$ 6,180
Purchase of property and equipment through lease incentive	\$ —	\$ 1,685

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BANDWIDTH INC.
Notes to Condensed Consolidated Financial Statements

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Bandwidth Inc. (together with its subsidiaries, “Bandwidth” or the “Company”) was founded in July 2000 and incorporated in Delaware on March 29, 2001. The Company’s headquarters are located in Raleigh, North Carolina. The Company is a global cloud-based, software-powered communications platform-as-a-service (“CPaaS”) provider that enables enterprises to create, scale and operate voice or messaging communications services across any mobile application or connected device.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and applicable rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”) regarding interim financial reporting. Certain information and disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K, filed with the SEC on February 19, 2026.

The condensed consolidated balance sheet as of December 31, 2025, included herein, was derived from the audited financial statements as of that date, but does not include all disclosures, including certain notes required by GAAP on an annual reporting basis.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, comprehensive (loss) income and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for the full year 2026 or any future period.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Bandwidth Inc. and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the Company’s condensed consolidated financial statements in conformity with GAAP requires the Company to make estimates and judgments that affect the amounts reported in these financial statements and accompanying notes. These estimates in the condensed consolidated financial statements include, but are not limited to, allowance for expected credit losses, reserve for sales credits, recoverability of long lived and intangible assets, fair value of acquired intangible assets and goodwill, discount rates used in the valuation of right-of-use assets and lease liabilities, the fair value of the liability of the Company’s Convertible Notes (as defined herein), estimated period of benefit, valuation allowances on deferred tax assets, certain accrued expenses and contingencies. Although the Company believes that the estimates it uses are reasonable, due to the inherent uncertainty involved in making these estimates, actual results reported in future periods could differ from those estimates.

Notes to Condensed Consolidated Financial Statements (continued)

The Company has achieved significant progress in realizing its strategic objective of providing a single, universal cloud platform to all global customers (the “Universal Platform”). Consequently, during the first quarter of 2026, the Company adjusted the remaining estimated useful life of the developed technology acquired in 2020 from 5 years to 2 years. This adjustment reflects the accelerated migration of customers to the Universal Platform. The change in estimate, which is accounted for prospectively, resulted in a \$3.0 million and \$6.0 million increase to amortization expense, respectively, for the three and six months ended June 30, 2026. It also caused a decrease to basic net income per share of \$0.07 and \$0.14, respectively, and a decrease to diluted net loss per share of \$0.06 and \$0.13, respectively, for the three and six months ended June 30, 2026. See Note 5, “Goodwill and Intangible Assets,” to the condensed consolidated financial statements, for additional details on the Company’s intangible assets.

Marketable Securities

The Company classifies marketable securities as available-for-sale at the time of purchase and reevaluates such classification as of each balance sheet date. The Company may sell these securities at any time for use in current operations even if they have not yet reached maturity. As a result, the Company classifies investments with maturities greater than 90 days as marketable securities in the accompanying condensed consolidated balance sheets. The Company evaluates its investments to assess whether the amortized cost basis is in excess of estimated fair value and determines what amount of that difference, if any, is caused by expected credit losses. Allowance for credit losses is recognized as a charge in other (expense) income, net on the condensed consolidated statements of operations, and any remaining unrealized losses are included in accumulated other comprehensive loss on the condensed consolidated balance sheets. Due to the nature and investment grade of the Company’s marketable securities, there were no credit losses recorded for the three and six months ended June 30, 2026. There have been no impairment charges for any unrealized losses during the period.

Accounts Receivable and Current Expected Credit Losses

Accounts receivable are stated at realizable value, net of allowance for expected credit losses. The allowance for expected credit losses is based on management’s assessment of the collectability of its customer accounts. The Company regularly reviews the composition of the accounts receivable aging, historical credit losses, changes in payment patterns, customer creditworthiness, current economic trends, and reasonable and supportable forecasts about the future. Relevant risk characteristics include customer size and historical loss patterns. Management has evaluated the expected credit losses related to trade accounts receivable and determined that an allowance of approximately \$0.6 million and \$0.5 million for uncollectible accounts and customer balances that are disputed was required as of June 30, 2026 and December 31, 2025, respectively. Refer to Note 3, “Financial Statement Components” to these condensed consolidated financial statements, for a rollforward of the components of the allowance for the three and six months ended June 30, 2026 and 2025.

The Company includes unbilled receivables in its accounts receivable balance. Generally, these receivables represent earned revenue from services provided to customers, which will be billed in the next billing cycle. As of June 30, 2026 and December 31, 2025, unbilled receivables were \$65.3 million and \$57.4 million, respectively.

Concentration of Credit Risk

Financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents, marketable securities and trade accounts receivable. The Company maintains its cash, cash equivalents and marketable securities with high credit-quality financial institutions. Certain balances held by such financial institutions exceed insured limits.

With regard to customers, credit evaluation and account monitoring procedures are used to minimize the risk of loss. The Company believes that no additional credit risk beyond amounts provided for by the allowance for expected credit losses are inherent in accounts receivable. As of June 30, 2026 and December 31, 2025, no individual customer represented more than 10% of the Company’s accounts receivable, net of allowance.

Notes to Condensed Consolidated Financial Statements (continued)

For the three and six months ended June 30, 2026 and 2025, no individual customer represented more than 10% of the Company's revenue.

Recently Adopted Accounting Standards

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2024-04, *Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments* ("ASU 2024-04"), which provides additional guidance to stakeholders about how to determine whether a settlement of convertible debt (particularly, cash convertible instruments) at terms that differ from the original conversion terms should be accounted for under the induced conversion or extinguishment guidance. The Company adopted ASU 2024-04 effective January 1, 2026 and applied the guidance prospectively. The adoption had no impact on the Company's financial position or results of operations.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets* ("ASU 2025-05"), which provides a practical expedient for the estimation of expected credit losses for current accounts receivable and current contract assets under ASC 606. The practical expedient election assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. The Company adopted ASU 2025-05 effective January 1, 2026 and elected the practical expedient. ASU 2025-05 did not have a material impact on the Company's financial position or results of operations.

Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"), which requires public entities to disclose disaggregated information about certain costs and expenses on an interim and annual basis. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with the option to apply the guidance prospectively or retrospectively. Early adoption is permitted. The Company is currently evaluating the impact of adopting ASU 2024-03 on its consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06"), which amends certain aspects of the accounting for and disclosure of software costs under ASC 350-40. The guidance removes all references to project stages throughout ASC 350-40 and clarifies the threshold entities apply to begin capitalizing costs. ASU 2025-06 is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods, with the option to apply the guidance prospectively, retrospectively, or via a modified prospective transition method. Early adoption is permitted. The Company is currently evaluating the impact of adopting ASU 2025-06 on its consolidated financial statements.

2. Fair Value Measurements

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires use of observable inputs when available, and to minimize the use of unobservable inputs when determining fair value. The three tiers are defined as follows:

- **Level 1.** Observable inputs based on unadjusted quoted prices in active markets for identical assets or liabilities;
- **Level 2.** Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Notes to Condensed Consolidated Financial Statements (continued)

- **Level 3.** Unobservable inputs for which there is little or no market data, which requires the Company to develop its own assumptions.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value as of June 30, 2026 and December 31, 2025 because of the relatively short duration of these instruments. Marketable securities consist of time deposits and commercial paper not otherwise classified as cash equivalents. All marketable securities are considered to be available-for-sale and are recorded at their estimated fair values. Unrealized gains and losses for available-for-sale securities are recorded in accumulated other comprehensive loss.

The Company evaluated its financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level in which to classify them for each reporting period. The following tables summarize the Company's financial assets measured at fair value as of June 30, 2026 and December 31, 2025:

	Amortized cost or carrying value	Unrealized gains	Unrealized losses	Fair value measurements on a recurring basis June 30, 2026			
				Level 1	Level 2	Level 3	Total
(In thousands)							
Financial assets:							
Cash and cash equivalents:							
Money market account	\$ 93,223	\$ —	\$ —	\$ 93,223	\$ —	\$ —	\$ 93,223
Commercial paper	57,239	—	—	57,239	—	—	57,239
Total included in cash and cash equivalents	150,462	—	—	150,462	—	—	150,462
Marketable securities:							
Commercial paper	4,440	15	—	4,455	—	—	4,455
Total marketable securities	4,440	15	—	4,455	—	—	4,455
Total financial assets	\$ 154,902	\$ 15	\$ —	\$ 154,917	\$ —	\$ —	\$ 154,917

	Amortized cost or carrying value	Unrealized gains	Unrealized losses	Fair value measurements on a recurring basis December 31, 2025			
				Level 1	Level 2	Level 3	Total
(In thousands)							
Financial assets:							
Cash and cash equivalents:							
Money market account	\$ 65,027	\$ —	\$ —	\$ 65,027	\$ —	\$ —	\$ 65,027
Commercial paper	29,082	—	—	29,082	—	—	29,082
Total included in cash and cash equivalents	94,109	—	—	94,109	—	—	94,109
Marketable securities:							
Time deposits	5,000	5	—	5,005	—	—	5,005
Commercial paper	3,447	24	—	3,471	—	—	3,471
Total marketable securities	8,447	29	—	8,476	—	—	8,476
Total financial assets	\$ 102,556	\$ 29	\$ —	\$ 102,585	\$ —	\$ —	\$ 102,585

Notes to Condensed Consolidated Financial Statements (continued)

The Company classifies its marketable securities as current assets as they are available for current operating needs. The following table summarizes the contractual maturities of marketable securities as of June 30, 2026:

	<u>Amortized cost</u>	<u>Aggregate fair value</u>
	(In thousands)	
Financial assets:		
Less than one year	\$ 4,440	\$ 4,455
Total	<u>\$ 4,440</u>	<u>\$ 4,455</u>

As of June 30, 2026, the marketable securities were in an unrealized gain position. The Company has determined that (i) it does not have the intent to sell any of these investments and (ii) it is not more likely than not that it will be required to sell any of these investments before recovery of the entire amortized cost basis. As of June 30, 2026, the Company anticipates that it will recover the entire amortized cost basis of its marketable securities before maturity.

During the three and six months ended June 30, 2026, there were \$3.0 million and \$10.4 million, respectively, in maturities of marketable securities. During the three and six months ended June 30, 2025, there were \$3.7 million and \$4.7 million, respectively, in maturities of marketable securities. There were no proceeds from sales of marketable securities for the three and six months ended June 30, 2026 and 2025. The Company determines realized gains and losses on sale of marketable securities using the specific identification method and records such gains and losses in other (expense) income, net on the condensed consolidated statements of operations.

As of June 30, 2026, the fair value of the 2028 Convertible Notes and 2032 Convertible Notes was approximately \$25.7 million and \$364.5 million, respectively. As of December 31, 2025, the fair value of the 2026 Convertible Notes and the 2028 Convertible Notes was approximately \$7.5 million and \$219.7 million, respectively. The fair value was determined based on the closing price for the Convertible Notes on the last trading day of the reporting period and is considered as Level 2 in the fair value hierarchy. See Note 7, “Debt,” to the condensed consolidated financial statements for additional information regarding the Convertible Notes.

Notes to Condensed Consolidated Financial Statements (continued)

3. Financial Statement Components

Accounts receivable, net of allowance consists of the following:

	As of June 30, 2026	As of December 31, 2025
	(In thousands)	
Trade accounts receivable	\$ 45,602	\$ 34,322
Unbilled accounts receivable	65,262	57,400
Allowance for expected credit losses	(646)	(537)
Other accounts receivable	76	224
Total accounts receivable, net	<u>\$ 110,294</u>	<u>\$ 91,409</u>

Components of the allowance for expected credit losses are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	(In thousands)			
Balance, beginning of period	\$ (640)	\$ (2,644)	\$ (537)	\$ (2,172)
Charged to credit loss expense, net of reversals	(33)	(63)	(258)	(950)
Deductions ⁽¹⁾	27	746	147	1,206
Impact of foreign currency translation	—	(101)	2	(146)
Balance, end of period	<u>\$ (646)</u>	<u>\$ (2,062)</u>	<u>\$ (646)</u>	<u>\$ (2,062)</u>

⁽¹⁾ Write-off of uncollectible accounts after exhaustion of collection efforts.

Accrued expenses and other current liabilities consisted of the following:

	As of June 30, 2026	As of December 31, 2025
	(In thousands)	
Accrued expense	\$ 64,650	\$ 60,808
Accrued compensation and benefits	13,145	20,405
Accrued sales, use, VAT and telecommunications related taxes	5,386	4,421
Customer deposits	2,591	4,320
Other accrued expenses	1,525	1,197
Total accrued expenses and other current liabilities	<u>\$ 87,297</u>	<u>\$ 91,151</u>

Notes to Condensed Consolidated Financial Statements (continued)

4. Property, Plant and Equipment

Property, plant and equipment, net consisted of the following:

	As of June 30, 2026	As of December 31, 2025
	(In thousands)	
Furniture and fixtures	\$ 16,029	\$ 15,845
Computer and office equipment	15,036	14,789
Telecommunications equipment	97,010	92,829
Leasehold improvements	77,926	77,704
Software	23,921	22,302
Internal-use software development	48,479	44,198
Automobile	360	452
Land	27,636	27,636
Land Improvements	1,086	1,065
Total cost	307,483	296,820
Less—accumulated depreciation	(141,712)	(122,569)
Total property, plant and equipment, net	\$ 165,771	\$ 174,251

The Company capitalized \$2.3 million and \$4.6 million of software development costs for the three and six months ended June 30, 2026, respectively, and \$2.6 million and \$5.5 million for the three and six months ended June 30, 2025, respectively.

Amortization expense related to capitalized software development costs was \$2.2 million and \$4.2 million for the three and six months ended June 30, 2026, respectively, and \$1.8 million and \$3.1 million for the three and six months ended June 30, 2025, respectively.

The Company recognized depreciation expense, which includes amortization of capitalized software development costs, as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	(In thousands)			
Cost of revenue	\$ 6,122	\$ 5,160	\$ 11,948	\$ 9,838
Research and development	2,011	1,739	3,957	3,449
Sales and marketing	1,234	1,181	2,474	2,353
General and administrative	774	670	1,545	1,326
Total depreciation expense	\$ 10,141	\$ 8,750	\$ 19,924	\$ 16,966

Notes to Condensed Consolidated Financial Statements (continued)

5. Goodwill and Intangible Assets

Goodwill

The change in carrying amount of goodwill was as follows:

	Total
	(In thousands)
Balance as of December 31, 2025	\$ 356,772
Foreign currency translation adjustments	(10,191)
Balance as of June 30, 2026	<u>\$ 346,581</u>

Intangible Assets

Intangible assets, net consisted of the following:

	As of June 30, 2026			As of December 31, 2025		
	Gross Amount	Accumulated Amortization	Net Carrying Value	Gross Amount	Accumulated Amortization	Net Carrying Value
	(In thousands)					
Customer relationships	\$ 152,472	\$ (61,643)	\$ 90,829	\$ 154,492	\$ (57,344)	\$ 97,148
Developed technology	82,296	(52,464)	29,832	84,765	(43,795)	40,970
Other, definite lived	2,828	(2,828)	—	2,828	(2,828)	—
Licenses and other, indefinite lived	700	—	700	624	—	624
Total intangible assets, net	<u>\$ 238,296</u>	<u>\$ (116,935)</u>	<u>\$ 121,361</u>	<u>\$ 242,709</u>	<u>\$ (103,967)</u>	<u>\$ 138,742</u>

The Company recognized amortization expense as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	(In thousands)			
Cost of revenue	\$ 5,060	\$ 2,042	\$ 10,134	\$ 3,939
Sales and marketing	2,526	2,523	5,056	4,913
Total amortization expense	<u>\$ 7,586</u>	<u>\$ 4,565</u>	<u>\$ 15,190</u>	<u>\$ 8,852</u>

The remaining weighted average amortization period for definite lived intangible assets is 7.40 years.

Notes to Condensed Consolidated Financial Statements (continued)

Future estimated amortization expense for definite lived intangible assets is as follows:

	As of June 30, 2026
	(In thousands)
2026 (remaining)	\$ 14,940
2027	29,880
2028	9,992
2029	9,992
2030	9,992
Thereafter	45,865
	<u>\$ 120,661</u>

6. Leases

The Company primarily leases facilities for office space under non-cancelable operating leases for its U.S. and international locations. As of June 30, 2026, non-cancelable leases expire on various dates between 2026 and 2043, some of which include options to extend the leases for up to 20 years.

On January 1, 2025, the Company commenced a sublease of a portion of its corporate headquarters to Relay, Inc., a related party. The sublease expires on December 31, 2029 and does not include any option to renew or purchase, nor does it include any residual value guarantees. As of June 30, 2026, total future minimum rent payments to the Company under this sublease were \$9.5 million.

The components of operating lease expense recorded in the condensed consolidated statements of operations were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	(In thousands)			
Operating lease cost	\$ 5,721	\$ 5,788	\$ 11,389	\$ 11,448
Sublease income	(549)	(545)	(1,099)	(1,090)
Total net lease cost	<u>\$ 5,172</u>	<u>\$ 5,243</u>	<u>\$ 10,290</u>	<u>\$ 10,358</u>

Other supplemental information related to operating leases were as follows:

	Six months ended June 30,	
	2026	2025
Weighted average remaining lease term (in years)	16.75	17.75
Weighted average discount rate	8.74 %	8.75 %

Notes to Condensed Consolidated Financial Statements (continued)

Maturities of operating lease liabilities were as follows:

	As of June 30, 2026
	(In thousands)
2026 (remaining)	\$ 11,881
2027	23,678
2028	23,717
2029	24,035
2030	24,418
Thereafter	333,331
Total lease payments	441,060
Less: imputed interest	(217,408)
Total lease obligations	223,652
Less: current obligations	(4,542)
Long-term lease obligations	\$ 219,110

7. Debt

Revolving Credit Facility

The Company maintains a revolving credit facility (the “Credit Facility”) under a credit agreement with Bank of America, N.A., as administrative agent, as amended (the “Credit Agreement”), providing for borrowings of up to \$150.0 million, including a \$15.0 million sublimit for letters of credit and a \$10.0 million swingline subfacility. The Credit Facility matures on the earlier of (a) May 1, 2029 or (b) the date that is 91 days prior to the scheduled maturity date or mandatory conversion date of the Company’s outstanding 2028 Convertible Notes. Borrowings under the Credit Facility bear interest, at the Company’s election, based on a base rate or the Secured Overnight Financing Rate (“SOFR”), plus an applicable margin, and the Company pays a quarterly commitment fee on the unused portion of the Credit Facility, in each case, based on the Company’s consolidated total leverage ratio. The Credit Agreement contains financial covenants requiring the Company to maintain a maximum consolidated senior secured leverage ratio and a minimum consolidated fixed charge coverage ratio, and the Credit Facility is secured by substantially all of the assets of the Company and its domestic subsidiaries. See Note 7, “Debt,” in the Company’s Annual Report on Form 10-K filed with the SEC on February 19, 2026, for further information regarding the terms of the Credit Facility.

As of June 30, 2026, unamortized debt issuance costs related to the Credit Facility were \$0.6 million, of which \$0.2 million were included in prepaid expenses and other current assets and \$0.4 million were included in other long-term assets. As of December 31, 2025, unamortized debt issuance costs were \$0.7 million, of which \$0.2 million were included in prepaid expenses and other current assets and \$0.5 million were included in other long-term assets.

As of June 30, 2026, the Company had no outstanding borrowings under the Credit Facility and was in compliance with all financial and non-financial covenants for all periods presented. As of June 30, 2026, the available borrowing capacity under the Credit Facility was \$150.0 million.

On July 25, 2026, the Company entered into a third amendment to the Credit Agreement. Effective as of July 25, 2026, the Credit Agreement was amended to increase the aggregate amount of certain restricted payments the Company is permitted to make in any fiscal year from \$20.0 million to \$40.0 million, or if greater, 20% of TTM consolidated EBITDA, subject to the Company maintaining a pro forma consolidated senior secured leverage ratio at least 0.50 to 1.00 inside the maximum then-applicable consolidated senior secured leverage ratio covenant.

Notes to Condensed Consolidated Financial Statements (continued)

Convertible Senior Notes and Capped Call Transactions

2026 Convertible Notes

In February 2020, the Company issued \$400.0 million aggregate principal amount of 0.25% Convertible Notes due 2026 (the “2026 Convertible Notes”). The 2026 Convertible Notes matured on March 1, 2026, at which time the Company paid the remaining \$7.6 million outstanding principal and accrued interest in cash to settle the 2026 Convertible Notes in full. No 2026 Convertible Notes remain outstanding.

2028 Convertible Notes

In March 2021, the Company issued \$250.0 million aggregate principal amount of 0.50% Convertible Notes due 2028 (the “2028 Convertible Notes”), which mature on April 1, 2028 unless earlier repurchased, redeemed, or converted. Each \$1,000 principal amount is initially convertible into 5.5781 shares of the Company's Class A common stock, equivalent to an initial conversion price of approximately \$179.27 per share. See Note 7, “Debt,” in the Company’s Annual Report on Form 10-K filed with the SEC on February 19, 2026, for further information regarding the terms of the 2028 Convertible Notes, including redemption, conversion, and fundamental change provisions.

During March 2026, the Company entered into separate, privately negotiated repurchase agreements with a limited number of holders of the 2028 Convertible Notes (the “March 2026 Repurchases”) to repurchase approximately \$100.0 million aggregate principal amount of the 2028 Convertible Notes for an aggregate cash price of approximately \$92.0 million. The March 2026 Repurchases closed on March 4, 2026. The difference between the consideration used for the March 2026 Repurchases and the carrying value of the 2028 Convertible Notes resulted in a gain on extinguishment of debt of \$7.3 million for the three months ended March 31, 2026.

During June 2026, the Company entered into separate, privately negotiated repurchase agreements with a limited number of holders of the 2028 Convertible Notes (the “June 2026 Repurchases”) to repurchase approximately \$122.5 million aggregate principal amount of the 2028 Convertible Notes for an aggregate cash price of approximately \$116.5 million. The June 2026 Repurchases closed on June 18, 2026. The difference between the consideration used for the June 2026 Repurchases and the carrying value of the 2028 Convertible Notes resulted in a gain on extinguishment of debt of \$5.2 million for the three months ended June 30, 2026.

In the aggregate, the March 2026 Repurchases and June 2026 Repurchases resulted in a gain of \$12.5 million on the extinguishment of debt recorded within net gain on extinguishment of debt on the Company’s condensed consolidated statements of operations for the six months ended June 30, 2026. Following the March 2026 Repurchases and June 2026 Repurchases, approximately \$27.5 million aggregate principal amount of the 2028 Convertible Notes remains outstanding. The capped call transactions entered into in connection with the 2028 Convertible Notes remain in effect notwithstanding the repurchases.

During the three and six months ended June 30, 2026, the conditions allowing the holders of the 2028 Convertible Notes to convert were not met.

Notes to Condensed Consolidated Financial Statements (continued)

2032 Convertible Notes

On June 18, 2026, the Company issued \$316.3 million aggregate principal amount of 0% Convertible Notes due July 1, 2032 in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act (the “2032 Convertible Notes” and, together with the 2028 Convertibles Notes, the “Convertible Notes”). The notes will not bear regular interest, and the principal amount will not accrete.

The 2032 Convertible Notes may bear special interest under specified circumstances relating to the Company’s failure to comply with its reporting obligations under the indenture governing the 2032 Convertible Notes (the “2032 Indenture”) or additional interest if the 2032 Convertible Notes are not freely tradeable as required by the 2032 Indenture. The 2032 Convertible Notes will mature on July 1, 2032, unless earlier repurchased, redeemed by the Company, or converted pursuant to their terms. The total net proceeds from the 2032 Convertible Notes, after deducting initial purchaser discounts, costs related to the 2032 Capped Calls (as defined herein), and debt issuance costs, paid by the Company, were approximately \$281.6 million.

Each \$1,000.0 principal amount of the 2032 Convertible Notes is initially convertible into 13.7663 shares of the Company’s Class A common stock, par value \$0.001 per share, which is equivalent to an initial conversion price of approximately \$72.64 per share. The conversion rate is subject to adjustment upon the occurrence of certain specified events as set forth in the 2032 Indenture. In addition, upon the occurrence of a make-whole fundamental change, as defined in the 2032 Indenture, the Company will, in certain circumstances, increase the conversion rate by a number of additional shares for a holder that elects to convert its 2032 Convertible Notes in connection with such make-whole fundamental change or during the relevant redemption period.

The notes are the senior, unsecured obligations of the Company and are equal in right of payment with the Company’s existing and future senior unsecured indebtedness, including the 2028 Convertible Notes, senior in right of payment to the Company’s existing and future indebtedness that is expressly subordinated to the notes and effectively subordinated to the Company’s existing and future senior secured indebtedness (including the Credit Agreement), to the extent of the value of the collateral securing that indebtedness. The notes will be structurally subordinated to all existing and future indebtedness and other liabilities, including trade payables, and (to the extent the Company is not a holder thereof) preferred equity, if any, of the Company’s subsidiaries.

The 2032 Convertible Notes will be redeemable in whole or in part (subject to certain limitations) at the Company’s option on or after July 6, 2029, but before the fortieth (40th) scheduled trading day before the maturity date, at a cash redemption price equal to 100% of the principal amount of the 2032 Convertible Notes to be redeemed, plus accrued and unpaid special and additional interest, if any, if the last reported sale price of the Class A common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading days ending on, and including, the trading day immediately before the date the redemption notices were sent; and the trading day immediately before such notices were sent and certain other conditions are satisfied. In addition, the Company may redeem for cash all, but not less than all, of the 2032 Convertible Notes at any time if the amount of the 2032 Convertible Notes that remains outstanding at such time is less than 15% of the aggregate principal amount of the 2032 Convertible Notes initially issued under the 2032 Indenture, at a cash redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid special and additional interest, if any, to, but excluding, the redemption date.

Holders may convert their notes at their option in the following circumstances:

1. during any calendar quarter commencing after the calendar quarter ending on September 30, 2026 (and only during such calendar quarter), if the last reported sale price per share of the Company’s Class A common stock exceeds (x) before July 1, 2031, 150% and (y) on or after July 1, 2031, 130%, in each case, of the conversion price for each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter;

Notes to Condensed Consolidated Financial Statements (continued)

2. during the five consecutive business days immediately after any 10 consecutive trading day period (such 10 consecutive trading day period, the “measurement period”) in which the trading price per \$1,000.0 principal amount of 2032 Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Company’s Class A common stock on such trading day and the conversion rate on such trading day;

3. upon the occurrence of certain corporate events or distributions on the Company’s Class A common stock, as described in the 2032 Indenture;

4. if the Company calls such 2032 Convertible Notes for redemption; and

5. at any time from, and including, April 1, 2032 until the close of business on the second scheduled trading day immediately before the maturity date.

Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of Class A common stock, or a combination of cash and shares of Class A common stock, at the Company's election.

As of June 30, 2026, the 2032 Convertible Notes are classified as a long-term liability in the accompanying condensed consolidated balance sheets, based on contractual settlement provisions. The transaction costs of \$12.8 million related to the 2032 Convertible Notes are accounted for as debt issuance costs that will be amortized to interest expense using the effective interest method over the contractual terms of the 2032 Convertible Notes at an annual effective interest rate of 0.688%.

The net carrying amount of the Convertible Notes were as follows:

	As of June 30, 2026	As of December 31, 2025
2026 Convertible Notes:	(In thousands)	
Principal	\$ —	\$ 7,633
Unamortized debt issuance costs	—	(6)
2026 Convertible Notes net carrying amount	—	7,627
2028 Convertible Notes:		
Principal	27,508	250,000
Unamortized debt issuance costs	(209)	(2,438)
2028 Convertible Notes net carrying amount	27,299	247,562
2032 Convertible Notes:		
Principal	316,250	—
Unamortized debt issuance costs	(12,780)	—
2032 Convertible Notes net carrying amount	303,470	—
Total net carrying amount	\$ 330,769	\$ 255,189

Notes to Condensed Consolidated Financial Statements (continued)

Capped Calls

In connection with the offering of the 2026 Convertible Notes, the 2028 Convertible Notes, and the 2032 Convertible Notes, the Company entered into privately negotiated capped call transactions with certain counterparties (the “2026 Capped Calls”, the “2028 Capped Calls” and the “2032 Capped Calls,” respectively and, collectively, the “Capped Calls”). The initial strike price of the Capped Calls corresponds to the initial conversion price of the 2026 Convertible Notes, the 2028 Convertible Notes or the 2032 Convertible Notes, as applicable. The Capped Calls are generally intended to reduce or offset the potential dilution to the Class A common stock upon any conversion of the 2026 Convertible Notes, the 2028 Convertible Notes and the 2032 Convertible Notes with such reduction or offset, as the case may be, subject to a cap. On March 1, 2026, the 2026 Capped Calls expired, concurrently with the full settlement and satisfaction of the 2026 Convertible Notes. The 2028 Capped Calls and the 2032 Capped Calls remain outstanding as of June 30, 2026. The 2028 Capped Calls and the 2032 Capped Calls expire on April 1, 2028 for the 2028 Capped Calls and July 1, 2032 for the 2032 Capped Calls, subject to earlier exercise or termination. The 2028 Capped Calls and the 2032 Capped Calls are subject to either adjustment or termination upon the occurrence of specified extraordinary events affecting the Company, including a merger event, a tender offer, and a nationalization, insolvency or delisting involving the Company. In addition, the 2028 Capped Calls and the 2032 Capped Calls are subject to certain specified additional disruption events that may give rise to a termination of the 2028 Capped Calls and the 2032 Capped Calls, including changes in law, insolvency filings, and hedging disruptions. The Capped Call transactions are recorded in stockholders’ equity and are not accounted for as derivatives. The net cost to purchase the Capped Calls was recorded as a reduction to additional paid-in capital in the accompanying condensed consolidated balance sheets.

The following table sets forth key terms and costs incurred for the Capped Calls related to the Convertible Notes as of June 30, 2026:

	2028 Convertible Notes		2032 Convertible Notes	
	(In thousands, except share and per share amounts)			
Initial approximate strike price per share, subject to certain adjustments	\$	179.27	\$	72.64
Initial cap price per share, subject to certain adjustments	\$	260.76	\$	105.66
Net costs incurred	\$	25,500	\$	21,821
Class A common stock covered, subject to anti-dilution adjustments		153,442		4,353,592

8. Revenue and Geographic Information

Revenue

The following table summarizes the Company’s revenue by geographic region, which is apportioned based on the destination of the service:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	(In thousands)			
United States	\$ 194,070	\$ 156,554	\$ 375,686	\$ 308,346
International	25,827	23,459	52,995	45,908
Total	\$ 219,897	\$ 180,013	\$ 428,681	\$ 354,254

For the three and six months ended June 30, 2026 and 2025, no country outside of the United States represented 10% or more of the Company’s total revenues.

Notes to Condensed Consolidated Financial Statements (continued)

Contract Assets and Liabilities

The following table provides information about receivables and contract liabilities from contracts with customers:

	As of June 30, 2026	As of December 31, 2025
	(In thousands)	
Receivables ⁽¹⁾	\$ 110,294	\$ 91,409
Contract liabilities ⁽²⁾	12,022	13,714

⁽¹⁾ Included in accounts receivable, net of allowance on the condensed consolidated balance sheets.

⁽²⁾ Included in current portion of deferred revenue and deferred revenue, net of current portion on the condensed consolidated balance sheets.

Deferred revenue is recorded when cash payments are received in advance of future usage on contracts. Revenue is typically recognized in the following month when service is rendered or, in the case of nonrefundable upfront fees, over the estimated period of benefit from the date the fee is incurred by the customer. Customer refundable payments are recorded as advanced billings. During the three and six months ended June 30, 2026, the Company recognized revenue of \$2.1 million and \$4.5 million, respectively, that was included in the deferred revenue balances at the beginning of the year. The Company expects to recognize \$8.8 million in revenue over the next 12 months related to its contract liabilities as of June 30, 2026.

Long-lived Assets

The following table summarizes the Company's long-lived assets by geographic region:

	As of June 30, 2026	As of December 31, 2025
	(In thousands)	
United States	\$ 311,150	\$ 320,406
International	6,474	6,795
Total	\$ 317,624	\$ 327,201

9. Stockholders' Equity

Common Stock

The Company had reserved shares of Class A common stock for issuance under stock-based award agreements as follows:

	As of June 30, 2026	As of December 31, 2025
Stock options issued and outstanding	23,751	67,297
Nonvested restricted stock units issued and outstanding	4,626,717	5,534,657
Stock-based awards available for grant under the 2017 Plan	4,759,880	3,751,786
Total	9,410,348	9,353,740

Notes to Condensed Consolidated Financial Statements (continued)

Share Repurchase Program

On February 19, 2026, the Company's Board of Directors authorized a share repurchase program of up to \$80.0 million of the Company's outstanding Class A common stock, subject to market conditions, contractual restrictions and other factors. Under the share repurchase program, the Company may purchase shares from time to time at the discretion of management through open market purchases, block trades, accelerated or other structured share repurchase programs, privately negotiated transactions, Rule 10b5-1 plans or other means. Open market repurchases will be structured to occur in accordance with applicable federal securities laws, including within the pricing and volume requirements of Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The manner, timing, pricing and amount of any transactions will be subject to the discretion of management and may be based upon market conditions, regulatory requirements and alternative opportunities that the Company may have for the use or investment of its capital. The program does not obligate the Company to acquire any particular amount of Class A common stock, and the program may be extended, modified, suspended or terminated at any time at the Company's discretion.

The following table summarizes the Company's share repurchase activity under its share repurchase program:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(In thousands, except share and per share amounts)				
Total number of shares repurchased	262,858	—	576,794	—
Average price per share ⁽¹⁾	\$ 57.06	\$ —	\$ 34.67	\$ —
Aggregate purchase price ⁽¹⁾	\$ 15,000	\$ —	\$ 20,000	\$ —

⁽¹⁾ Excludes transaction costs and excise tax associated with the repurchase, if any.

As of June 30, 2026, approximately \$60.0 million remained available for repurchases under the share repurchase program.

10. Stock-Based Compensation

Restricted Stock Units

The following summarizes the restricted stock unit ("RSU") activity for the six months ended June 30, 2026:

	Number of awards outstanding	Weighted-average grant date fair value (Per share)
Nonvested RSUs as of December 31, 2025	5,534,657	\$ 15.91
Granted	975,013	17.31
Vested	(1,751,490)	17.43
Forfeited	(131,463)	15.27
Nonvested RSUs as of June 30, 2026	4,626,717	\$ 15.65

As of June 30, 2026, total unrecognized compensation cost related to non-vested RSUs was \$61.8 million, which will be amortized over a weighted-average period of 2.05 years.

Notes to Condensed Consolidated Financial Statements (continued)

Stock-Based Compensation Expense

The Company recognized total stock-based compensation expense as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(In thousands)				
Cost of revenue	\$ 424	\$ 530	\$ 889	\$ 1,055
Research and development	5,622	5,524	11,411	11,081
Sales and marketing	1,731	1,867	3,463	4,141
General and administrative	4,830	4,624	9,834	9,843
Total	<u>\$ 12,607</u>	<u>\$ 12,545</u>	<u>\$ 25,597</u>	<u>\$ 26,120</u>

11. Commitments and Contingencies

Operating Leases

The Company leases office space under non-cancelable operating lease agreements that expire on various dates through July 2043. As of June 30, 2026, the Company has \$441.1 million in future minimum rent payments for its office space.

Contractual Obligations

As of June 30, 2026, the Company has \$20.9 million in non-cancellable purchase obligations, consisting of primarily network equipment maintenance and software license contracts, of which \$9.5 million will be fulfilled within one year.

Legal Matters

The Company is subject to certain legal proceedings described below, and from time to time may be subject to legal matters arising in the ordinary course of business. Where it is determined that a loss is probable and estimable in a given matter, the Company establishes an accrual. Any amounts accrued as of the balance sheet date are not material in any of the currently pending matters. In management's opinion, the Company does not expect that the ultimate resolution of any currently pending legal matter in future periods will have a material effect on our financial condition, but could have a material effect on our results of operations for a given reporting period.

On July 10, 2025, the City and County of San Francisco Tax Collector ("City of San Francisco") issued a Corrected Tax Collector Decision on Petition for Redetermination to Bandwidth, asserting an Access Line Tax ("ALT") deficiency in the amount of \$3.8 million. The Company disputes the City of San Francisco's application of the ALT to Bandwidth as well as the amount of the deficiency. On July 25, 2025, the Company paid and placed on deposit the amount under protest, as required by law. On August 7, 2025, Bandwidth filed a Claim for Refund with the City of San Francisco seeking a refund of the full amount. The Company to date has been unable to resolve the Claim for Refund with the City of San Francisco, and on December 31, 2025 the Company filed a Complaint for Refund challenging the assessment in the Superior Court of the State of California. The City of San Francisco answered the Complaint for Refund on March 27, 2026. The Company believes it has meritorious arguments that support a refund of the full amount.

The Company is also involved as a defendant in a lawsuit alleging that the Company failed to bill, collect and remit certain taxes and surcharges associated with the provision of 911 services in Cook and Kane Counties, Illinois, the City of Chicago, Illinois, and the State of Illinois. The Company intends to vigorously defend this lawsuit and believes that it has meritorious defenses.

Notes to Condensed Consolidated Financial Statements (continued)

12. Segment Reporting

The Company manages its business activities on a consolidated basis and operates in one operating segment. Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the Chief Operating Decision Maker (the “CODM”) in deciding how to make operating decisions, allocate resources and in assessing performance. The Company’s CODM is its Chief Executive Officer. The CODM utilizes the Company’s budgeted and forecasted expense information as a key input to resource allocation. The CODM makes decisions on resource allocation, assesses performance of the business and monitors budget versus actual results using net income (loss), as reported in the accompanying condensed consolidated statements of operations.

Significant expenses within net income (loss) include cost of revenue, research and development, sales and marketing, and general and administrative expenses, which are each separately presented on the Company’s condensed consolidated statements of operations. Other segment items within net income (loss) include net gain on extinguishment of debt, interest expense, net, other (expense) income, net and income tax benefit (provision).

13. Income Taxes

At the end of each interim reporting period, the Company determines the income tax provision by using an estimate of the annual effective tax rate, adjusted for discrete items occurring in the quarter. The effective income tax rate reflects the effect of federal, international, and state income taxes and the permanent impacts of differences in book and tax accounting.

The Company recognized an income tax benefit of \$2.8 million and \$4.3 million for the three and six months ended June 30, 2026, respectively, compared with an income tax expense of \$(0.1) million for each of the three and six months ended June 30, 2025. The effective tax rate was 693.8% and (197.0)% for the three and six months ended June 30, 2026, respectively, compared with (2.8)% and (0.8)% for the three and six months ended June 30, 2025, respectively. The change from a tax expense to a tax benefit was primarily attributable to favorable U.S. federal and state tax law changes enacted under the One Big Beautiful Bill Act (the “OBBBA”).

The Company’s accounting for deferred taxes involves the evaluation of a number of factors concerning the realizability of its net deferred tax assets. The Company primarily considered its historic performance, the nature of its deferred tax assets and the timing, likelihood and amount, if any, of future taxable income during the periods in which those temporary differences and carryforwards become deductible. Based on an analysis of these factors, the Company determined that as of June 30, 2026, a valuation allowance against U.S. federal and state deferred tax assets was required.

The Company’s effective tax rate for the three months ended June 30, 2026 differed from the federal statutory tax rate of 21% in the U.S. primarily due to a valuation allowance recorded against U.S. federal and state net deferred tax assets.

Notes to Condensed Consolidated Financial Statements (continued)

14. Basic Income (Loss) and Diluted Loss per Common Share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by giving effect to all potential shares of common stock, including stock options and stock related to unvested restricted stock awards. The Company is in a net loss position for the three and six months ended June 30, 2025, and therefore diluted shares equals basic shares.

The components of basic income (loss) and diluted loss per share are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(In thousands, except share and per share amounts)				
<i>Earnings per share:</i>				
Net income (loss) attributable to common stockholders	\$ 2,387	\$ (4,931)	\$ 6,505	\$ (8,671)
Net income (loss) per share				
Basic	\$ 0.07	\$ (0.16)	\$ 0.20	\$ (0.29)
Diluted	\$ (0.07)	\$ (0.16)	\$ (0.15)	\$ (0.29)
Numerator used to compute net income (loss) per share:				
Basic	\$ 2,387	\$ (4,931)	\$ 6,505	\$ (8,671)
Net gain on extinguishment of debt, net of taxes	(5,163)	—	(12,446)	—
Interest expense on convertible notes, net of taxes	381	—	905	—
Diluted ⁽¹⁾	\$ (2,395)	\$ (4,931)	\$ (5,036)	\$ (8,671)
Weighted average number of common shares outstanding:				
Basic	32,129,631	29,889,020	31,906,992	29,438,230
Convertible debt conversion	1,361,046	—	1,318,737	—
Diluted	33,490,677	29,889,020	33,225,729	29,438,230

⁽¹⁾ Net income is adjusted for the reversal of the net gain on extinguishment of debt and add back of interest expense as part of the calculation for diluted earnings per share.

The following common share equivalents were excluded from the weighted average shares used to calculate diluted net loss per common share because their effects would have been anti-dilutive:

	Six months ended June 30,	
	2026	2025
Stock options issued and outstanding	23,751	73,858
Restricted stock units issued and outstanding	4,626,717	3,413,832
Convertible senior notes	—	1,568,075
Total	4,650,468	5,055,765

Management's Discussion and Analysis

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes that are included elsewhere in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements based upon current plans, expectations and beliefs that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" in this Quarterly Report on Form 10-Q. Our fiscal year ends on December 31.

Overview

A global communications transformation is underway, and we believe Bandwidth is at the center. Our mission is to develop and deliver the power to communicate. We enable innovative organizations—from startup app developers to the world's largest enterprises—to engage their end-users and deliver exceptional experiences everywhere people live, learn, work, and play. Backed by the Bandwidth Communications Cloud, our global owned-and-operated network spanning more than 65 countries reaching over 90 percent of global gross domestic product ("GDP"), innovative enterprises use Bandwidth's Application Programming Interfaces ("APIs") to easily embed voice, messaging, emergency services, and artificial intelligence ("AI") capabilities into software and applications. Bandwidth was the first cloud communications provider to offer a robust selection of APIs built on our own cloud platform. Our award-winning support teams help businesses around the world transform their communications every day.

Bandwidth is strategically positioned at the intersection of enterprise communications and AI. As global enterprises adopt AI-driven tools to modernize customer experiences, we believe AI voice will become a critical new layer of value creation. Our Maestro™ platform and Communications Cloud are designed to support this evolution, enabling the orchestration of AI voice agents across diverse environments with superior quality, reliability, and scale. We see our emerging leadership in AI Voice as a natural extension of our long-term strategy to power trusted, mission-critical communications for the world's largest enterprises.

Bandwidth's business continues to benefit from the application of AI technologies to cloud communications use cases, the enterprise migration to the cloud, adoption of Contact Center as a Service platforms, the need to be able to work from anywhere, the reinvention of customer experience, and the growth in messaging applications to engage directly with consumers. We believe these market trends are secular, long-lasting, and still early in the adoption curve.

With the combination of our software APIs, our global Communications Cloud, our AI orchestration capabilities, and our broad range of experience with global regulatory frameworks, we believe Bandwidth is one of the best-positioned providers in our space to deliver mission-critical communications for global enterprises. In fact, Bandwidth already powers all the 2025 Gartner® Magic Quadrant Leaders in the key cloud communications categories of Unified Communications as a Service ("UCaaS") and Contact Center as a Service ("CCaaS"), along with leading hyperscalers and Software as a Service ("SaaS") platforms.

We aim to be the key enabling platform for communications transformation in the AI era. We will seek to do this in three ways: (1) cross-sell and up-sell our existing customers as they benefit from our global footprint, powerful APIs, and AI orchestration capabilities to automate and scale cloud communications; (2) focus on direct-to-enterprise growth to serve Global 2000 enterprises that directly leverage Bandwidth services to accelerate their digital transformations; and (3) be the preferred provider for enterprises and SaaS platforms that use conversational voice and messaging to create digital engagements that enhance the customer experience. These three strategies are the foundation of the durable business we seek to build.

Management's Discussion and Analysis

For the three months ended June 30, 2026 and 2025, total revenue was \$220 million and \$180 million, respectively, representing an increase of 22% between periods. For the three months ended June 30, 2026 and 2025, net income was \$2 million and net loss was \$5 million, respectively. For the six months ended June 30, 2026 and 2025, total revenue was \$429 million and \$354 million, respectively, representing an increase of 21% between periods. For the six months ended June 30, 2026 and 2025, net income was \$7 million and net loss was \$9 million, respectively.

Share Repurchase Program

During February 2026, our board of directors authorized a share repurchase program to repurchase up to \$80 million in aggregate value of our Class A common stock, subject to market conditions, contractual restrictions and other factors. The repurchases may be made from time to time at the discretion of management through open market purchases, block trades, privately negotiated transactions, Rule 10b5-1 plans or other means.

During the three months ended June 30, 2026, we repurchased 262,858 shares of our Class A common stock at an average price of \$57.06 per share, excluding commissions, for an aggregate purchase price of \$15 million. During the six months ended June 30, 2026, we repurchased 576,794 shares of our Class A common stock at an average price of \$34.67 per share, excluding commissions, for an aggregate purchase price of \$20 million. As of June 30, 2026, approximately \$60 million remained available for repurchases under the share repurchase program.

Repurchase of 2028 Convertible Notes

On March 1, 2026, the 2026 Convertible Notes matured and the related 2026 Capped Calls expired. The aggregate remaining outstanding principal amount of \$8 million of 2026 Convertible Notes, along with all accrued and unpaid interest, was settled in full in cash. As of June 30, 2026, no 2026 Convertible Notes remain outstanding.

During March 2026, we entered into separate, privately negotiated repurchase agreements with a limited number of holders of the 2028 Convertible Notes (the "March 2026 Repurchases") to repurchase approximately \$100 million aggregate principal amount of the 2028 Convertible Notes for an aggregate cash price of approximately \$92 million. The March 2026 Repurchases closed on March 4, 2026.

During June 2026, we entered into separate, privately negotiated repurchase agreements with a limited number of holders of the 2028 Convertible Notes (the "June 2026 Repurchases") to repurchase approximately \$122 million aggregate principal amount of the 2028 Convertible Notes for an aggregate cash price of approximately \$116 million. The June 2026 Repurchases closed on June 18, 2026.

In the aggregate, the difference between the consideration used for the March 2026 Repurchases and June 2026 Repurchases, and the carrying value of the 2028 Convertible Notes resulted in a gain of \$12 million recorded within net gain on extinguishment of debt on our condensed consolidated statements of operations for the six months ended June 30, 2026. Following the March 2026 Repurchases and June 2026 Repurchases, approximately \$28 million aggregate principal amount of the 2028 Convertible Notes remains outstanding.

Issuance of 2032 Convertible Notes

On June 18, 2026, we issued \$316 million aggregate principal amount of 0% Convertible Notes due July 1, 2032 in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act (the "2032 Convertible Notes"). The total net proceeds from the 2032 Convertible Notes, after deducting initial purchaser discounts, costs related to the 2032 Capped Calls (as defined herein), and debt issuance costs paid by us, were approximately \$282 million.

Management's Discussion and Analysis

Key Performance Indicator

We monitor the following key performance indicator to help us evaluate our business, identify trends affecting our business, formulate business plans, and make strategic decisions.

Net Retention Rate

We believe net retention rate is useful in evaluating our business. For the three months ended June 30, 2026 and 2025, our net retention rate was 107% and 112%, respectively. The decrease in our net retention rate was driven by less political messaging over the previous four quarters relative to the prior year.

Our ability to drive growth and generate incremental revenue depends, in part, on our ability to maintain and grow our relationships with our existing customers that generated revenue and seek to increase their use of our platform. We track our performance in this area by measuring the net retention rate for our customers who generate revenue. To calculate the net retention rate, we first identify the cohort of customers that generated revenue in the same quarter of the prior year. The net retention rate is obtained by dividing the revenue generated from that cohort in a quarter, by the revenue generated from that same cohort in the corresponding quarter in the prior year. The net retention rate reported in a quarter is then obtained by averaging the result from that quarter, by the corresponding results from each of the prior three quarters. Customers of acquired businesses are included in the subsequent year's calendar quarter of acquisition. Our net retention rate increases when such customers increase usage of a product, extend usage of a product to new applications or adopt a new product. Our net retention rate decreases when such customers cease or reduce usage of a product or when we lower prices on our solutions.

As our customers grow their businesses and increase usage of our platform, they sometimes create multiple customer accounts with us for operational or other reasons. As such, when we identify a significant customer organization (defined as a single customer organization generating more than 1% of revenue in a quarterly reporting period) that has created a new customer, this new customer is tied to, and revenue from this new customer is included with, the original customer for the purposes of calculating this metric.

Key Components of Statements of Operations

Revenue

Cloud communications revenue is derived from (i) reoccurring sources such as per minute voice usage and voice calling, per text message usage and other usage services and fees, and (ii) monthly recurring charges arising from phone number services, 911-enabled phone number services, messaging services, software services and other services. Messaging surcharge revenue is derived from fees imposed by certain carriers within the messaging ecosystem, which are subsequently invoiced and passed through to customers.

For the three months ended June 30, 2026 and 2025, we generated 74% and 73%, respectively, of our cloud communications revenue from reoccurring sources. For the six months ended June 30, 2026 and 2025, we generated 74% and 73%, respectively, of our cloud communications revenue from reoccurring sources. The large bulk of our remaining cloud communications revenue is generated from recurring monthly charges.

We recognize accounts receivable at the time the customer is invoiced. Additionally, we record a receivable for unbilled revenue if services have been delivered and are billable in subsequent periods. Unbilled revenue made up 59% and 55%, of outstanding accounts receivable, net of allowance, as of June 30, 2026 and 2025, respectively.

Cost of Revenue and Gross Margin

Cost of revenue consists of fees paid to other network service providers, network operations costs, personnel costs, allocated costs of facilities and information technology, amortization of acquired technology intangibles and depreciation.

Management's Discussion and Analysis

Fees paid to other network service providers arise when we purchase services such as minutes of use, phone numbers, messages, porting of customer numbers and network circuits.

Network operations costs are incurred for web services and cloud infrastructure, capacity planning and management, software licenses, hardware and software maintenance fees, customer support and network-related facility rents.

Personnel costs (including non-cash stock-based compensation expenses) arise for employees who are responsible for the delivery of services and the operations and maintenance of the communications network.

Gross margin is calculated by subtracting cost of revenue from revenue, divided by revenue, expressed as a percentage. Our cost of revenue and gross margin have been, and will continue to be, affected by several factors, including the timing and extent of our investments in our network, our ability to manage off-network minutes of use and messaging costs, changes to the mix or amount of personnel-related costs included in our cost of revenue, the product mix of revenue, the timing of amortization of capitalized software development costs and fluctuations in the price we charge our customers for services.

Operating Expenses

The most significant components of operating expenses are personnel costs, which consist of salaries, benefits, bonuses, and stock-based compensation expenses. We also incur other non-personnel costs related to our general overhead expenses, including facility expenses, software licenses, web services, depreciation and amortization of assets unrelated to delivery of our services. We expect that our operating expenses will increase in absolute dollars driven by the growth in our business.

Research and Development

Research and development expenses consist of salaries and related personnel costs for the design, development, testing and enhancement of our cloud network and software products. Research and development expenses include depreciation and allocated costs of facilities and information technology utilized by our research and development staff.

Sales and Marketing

Sales and marketing expenses consist of salaries and related personnel costs, commissions, and costs related to advertising, marketing, brand awareness activities, sales support and professional services fees, and customer billing and collections functions. Sales and marketing expenses include depreciation, amortization of acquired customer relationship intangible assets, and allocated costs of facilities and information technology utilized by our sales and marketing staff.

General and Administrative

General and administrative expenses consist of salaries and related personnel costs for accounting, legal, human resources, corporate, and other administrative and compliance functions. General and administrative expenses include depreciation, expenditures for third party professional services, and allocated costs of facilities and information technology utilized by our corporate and administrative staff.

Income Taxes

For the three months ended June 30, 2026 and 2025, our effective tax rate was 693.8% and (2.8)%, respectively. For the three months ended June 30, 2026 and 2025, our income tax benefit was \$3 million and our income tax expense was less than \$1 million, respectively. The increase in tax benefit is primarily due to favorable U.S. federal and state tax law changes as a result of the One Big Beautiful Bill Act ("OBBBA").

Management's Discussion and Analysis

For the six months ended June 30, 2026 and 2025, our effective tax rate was (197.0)% and (0.8)%, respectively. For the six months ended June 30, 2026 and 2025, our income tax benefit was \$4 million and our income tax expense was less than \$1 million, respectively. The increase in tax benefit is primarily due to favorable U.S. federal and state tax law changes as a result of the OBBBA.

Judgment is required in determining whether deferred tax assets will be realized in full or in part. Management assesses the available positive and negative evidence on a jurisdictional basis to estimate if deferred tax assets will be recognized and when it is more likely than not that all or some deferred tax assets will not be realized, and a valuation allowance must be established. As of June 30, 2026, we continue to maintain a valuation allowance against our U.S. federal and state net deferred tax assets.

Management's Discussion and Analysis

Results of Operations

The following table sets forth selected condensed consolidated statements of operations data for the periods indicated.

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(In thousands)				
Revenue	\$ 219,897	\$ 180,013	\$ 428,681	\$ 354,254
Cost of revenue	141,354	108,349	272,224	211,078
Gross profit	78,543	71,664	156,457	143,176
Operating expenses:				
Research and development	37,343	31,749	75,809	62,381
Sales and marketing	25,360	24,818	49,987	51,274
General and administrative	20,393	18,845	39,835	37,956
Total operating expenses	83,096	75,412	165,631	151,611
Operating loss	(4,553)	(3,748)	(9,174)	(8,435)
Other income (expense), net:				
Net gain on extinguishment of debt	5,163	—	12,446	1,082
Interest expense, net	(967)	(547)	(1,640)	(1,035)
Other (expense) income, net	(45)	(500)	558	(217)
Total other income (expense), net	4,151	(1,047)	11,364	(170)
(Loss) income before income taxes	(402)	(4,795)	2,190	(8,605)
Income tax benefit (provision)	2,789	(136)	4,315	(66)
Net income (loss)	\$ 2,387	\$ (4,931)	\$ 6,505	\$ (8,671)

The following table sets forth selected condensed consolidated statements of operations data as a percentage of our total revenue for the periods presented. *

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Revenue	100 %	100 %	100 %	100 %
Cost of revenue	64 %	60 %	64 %	60 %
Gross profit	36 %	40 %	36 %	40 %
Operating expenses:				
Research and development	17 %	18 %	18 %	18 %
Sales and marketing	12 %	14 %	12 %	14 %
General and administrative	9 %	10 %	9 %	11 %
Total operating expenses	38 %	42 %	39 %	43 %
Operating loss	(2)%	(2)%	(2)%	(2)%
Other income (expense), net:				
Net gain on extinguishment of debt	2 %	— %	3 %	— %
Interest expense, net	— %	— %	— %	— %
Other (expense) income, net	— %	— %	— %	— %
Total other income (expense), net	2 %	(1)%	3 %	— %
(Loss) income before income taxes	— %	(3)%	1 %	(2)%
Income tax benefit (provision)	1 %	— %	1 %	— %
Net income (loss)	1 %	(3)%	2 %	(2)%

(*) Columns may not foot due to rounding.

Management's Discussion and Analysis

Comparison of the three months ended June 30, 2026 and 2025

Revenue

	Three months ended June 30,			
	2026	2025	Change	
	(Dollars in thousands)			
Cloud communications	\$ 151,869	\$ 135,857	\$ 16,012	12 %
Messaging surcharges	68,028	44,156	23,872	54 %
Revenue	\$ 219,897	\$ 180,013	\$ 39,884	22 %

For the three months ended June 30, 2026, our cloud communications revenue increased by \$16 million, or 12%, compared with the same period in 2025. Within cloud communications revenue, our Global Voice Plans revenue grew by 10% and was driven by higher voice traffic on our network. Our Programmable Messaging revenue increased by 22% benefiting from elevated commercial messaging activity during the quarter. Our Enterprise Voice revenue grew by 8%, remaining constructive as customers increasingly chose Maestro for its software-driven orchestration layer that enables resilient, scalable global voice communications.

For the three months ended June 30, 2026, our messaging surcharges revenue increased by \$24 million, or 54%, compared with the same period in 2025. This increase was primarily driven by higher commercial messaging activity, as well as increased carrier surcharges within the messaging ecosystem.

For the three months ended June 30, 2026, our average annual customer revenue was \$0.3 million, which increased by 11% compared with the same period in 2025, as a result of our strategy to attract and retain larger customers who provide revenue scale and enhanced profitability.

Cost of Revenue and Gross Margin

	Three months ended June 30,			
	2026	2025	Change	
	(Dollars in thousands)			
Cost of revenue	\$ 141,354	\$ 108,349	\$ 33,005	30 %
Gross profit	\$ 78,543	\$ 71,664	\$ 6,879	10 %
Total gross margin	36 %	40 %		

For the three months ended June 30, 2026, total cost of revenue increased by \$33 million, compared with the same period in 2025, driven by higher pass-through messaging surcharges of \$23 million primarily from higher commercial messaging activity. The combination of changes in total revenue and total cost of revenue yielded an increase in total gross profit of \$7 million, or 10% from the same period in 2025, driven by higher cloud communications revenue.

For the three months ended June 30, 2026, our total gross margin percentage of 36% decreased by 4%, compared with the same period in 2025, driven by higher pass-through messaging surcharges within the total revenue mix.

Management's Discussion and Analysis

Operating Expenses

	Three months ended June 30,			
	2026	2025	Change	
	(Dollars in thousands)			
Research and development	\$ 37,343	\$ 31,749	\$ 5,594	18 %
Sales and marketing	25,360	24,818	542	2 %
General and administrative	20,393	18,845	1,548	8 %
Total operating expenses	\$ 83,096	\$ 75,412	\$ 7,684	10 %

As a percentage of revenue, total operating expenses for the three months ended June 30, 2026 and 2025 were 38% and 42%, respectively.

For the three months ended June 30, 2026, research and development expenses increased by \$6 million, or 18%, compared with the same period in 2025. The increase was primarily from higher personnel-related expenses associated with increased research and development headcount to support continued investment in product innovation and platform development.

For the three months ended June 30, 2026, sales and marketing expenses increased by \$1 million, or 2%, compared with the same period in 2025, primarily due to higher non-headcount operating expenses.

For the three months ended June 30, 2026, general and administrative expenses increased by \$2 million, or 8%, compared with the same period in 2025, driven by higher headcount expenses in connection with ongoing operational support needs.

Interest Expense, Net

For the three months ended June 30, 2026, interest expense, net of interest income increased by less than \$1 million compared with the same period in 2025, primarily from an increase in interest expense resulting from borrowing on our Credit Facility (as defined herein).

Income Tax Benefit (Provision)

For the three months ended June 30, 2026, we recognized an income tax benefit of \$3 million, an increase of \$3 million compared with the same period in 2025. The resulting effective tax rate for the three months ended June 30, 2026 was 693.8%, compared with (2.8)% for the three months ended June 30, 2025. The increase in income tax benefit was primarily due to favorable U.S. federal and state tax law changes as a result of the OBBBA.

For the three months ended June 30, 2026, the effective tax rate of 693.8% differed from the federal statutory rate of 21% in the U.S. primarily due to the valuation allowance recorded against our U.S. federal and state net deferred tax assets, as well as differences in statutory income tax rates across foreign jurisdictions.

We continue to expect recurring changes to the valuation allowance as deferred tax assets within the U.S. increase or decrease in subsequent periods. We will maintain a valuation allowance against all U.S. federal and state deferred tax assets until it becomes more likely than not that the benefit of our federal and state deferred tax assets will be realized.

Management's Discussion and Analysis

Comparison of the six months ended June 30, 2026 and 2025

Revenue

	Six months ended June 30,			
	2026	2025	Change	
	(Dollars in thousands)			
Cloud communications	\$ 302,026	\$ 269,315	\$ 32,711	12 %
Messaging surcharges	126,655	84,939	41,716	49 %
Revenue	\$ 428,681	\$ 354,254	\$ 74,427	21 %

For the six months ended June 30, 2026, our cloud communications revenue increased by \$33 million, or 12%, compared with the same period in 2025. Within cloud communications revenue, our Global Voice Plans revenue grew by 11% and was driven by higher voice traffic on our network. Our Programmable Messaging revenue increased by 18%, benefiting from elevated commercial messaging activity during the quarter. Our Enterprise Voice revenue grew by 11%, remaining constructive as customers increasingly chose Maestro for its software-driven orchestration layer that enables resilient, scalable global voice communications.

For the six months ended June 30, 2026, our messaging surcharges revenue increased by \$42 million, or 49%, compared with the same period in 2025. This increase was primarily driven by higher commercial messaging activity and higher surcharge fees imposed by certain carriers within the messaging ecosystem.

Cost of Revenue and Gross Margin

	Six months ended June 30,			
	2026	2025	Change	
	(Dollars in thousands)			
Cost of revenue	\$ 272,224	\$ 211,078	\$ 61,146	29 %
Gross profit	\$ 156,457	\$ 143,176	\$ 13,281	9 %
Total gross margin	36 %	40 %		

For the six months ended June 30, 2026, total cost of revenue increased by \$61 million, compared with the same period in 2025, driven by higher pass-through messaging surcharges of \$41 million primarily from higher commercial messaging activity. The combination of changes in total revenue and total cost of revenue yielded an increase in total gross profit of \$13 million, or 9%, from the same period in 2025, driven by higher cloud communications revenue.

For the six months ended June 30, 2026, our total gross margin percentage of 36% decreased by 4% compared with the same period in 2025, driven by higher pass-through messaging surcharges within the total revenue mix.

Management's Discussion and Analysis

Operating Expenses

	Six months ended June 30,			
	2026	2025	Change	
	(Dollars in thousands)			
Research and development	\$ 75,809	\$ 62,381	\$ 13,428	22 %
Sales and marketing	49,987	51,274	(1,287)	(3)%
General and administrative	39,835	37,956	1,879	5 %
Total operating expenses	\$ 165,631	\$ 151,611	\$ 14,020	9 %

As a percentage of revenue, total operating expenses for the six months ended June 30, 2026 and 2025 were 39% and 43%, respectively.

For the six months ended June 30, 2026, research and development expenses increased by \$13 million, or 22%, compared with the same period in 2025. Our continued investment in evolving our network infrastructure was the key driver behind this increase.

For the six months ended June 30, 2026, sales and marketing expenses decreased by \$1 million, or 3%, compared with the same period in 2025, primarily due to lower headcount expenses from lower average headcount during the period.

For the six months ended June 30, 2026, general and administrative expenses increased by \$2 million, or 5%, compared with the same period in 2025, driven by higher headcount expenses in connection with ongoing operational support needs.

Interest Expense, Net

For the six months ended June 30, 2026, interest expense, net of interest income increased by less than \$1 million compared with the same period in 2025, primarily from an increase in interest expense resulting from borrowing on our Credit Facility.

Income Tax Benefit (Provision)

For the six months ended June 30, 2026, we recognized an income tax benefit of \$4 million, an increase of \$4 million compared with the same period in 2025. The resulting effective tax rate for the six months ended June 30, 2026 was (197.0)%, compared with (0.8)% for the six months ended June 30, 2025. The increase in income tax benefit was primarily due to favorable U.S. federal and state tax law changes as a result of the OBBBA.

For the six months ended June 30, 2026, the effective tax rate of (197.0)% differed from the federal statutory rate of 21% in the U.S. primarily due to the valuation allowance recorded against our U.S. federal and state net deferred tax assets, as well as differences in statutory income tax rates across foreign jurisdictions.

We continue to expect recurring changes to the valuation allowance as deferred tax assets within the U.S. increase or decrease in subsequent periods. We will maintain a valuation allowance against all U.S. federal and state deferred tax assets until it becomes more likely than not that the benefit of our federal and state deferred tax assets will be realized.

Management's Discussion and Analysis

Liquidity and Capital Resources

Our liquidity is provided by our cash flow from operations less expenditures for capital equipment, and supplemented by financing activities from time to time. Our cash flow from operations is driven by monthly payments from customers for communication services consumed during the period. Our primary uses of cash include operating costs, such as fees paid to other network service providers, network operations costs, personnel costs and facility expenses, as well as the purchase of property, plant and equipment to support growth on our communications platform and repurchases of shares of our Class A common stock under our share repurchase program. As of June 30, 2026, we had cash and cash equivalents of \$170 million and marketable securities of \$4 million.

In August 2023, we entered into a credit agreement (as amended to date, the "Credit Agreement"), among the Company, as borrower, the lenders from time to time party thereto, and Bank of America, N.A., as administrative agent, swingline lender and letters of credit issuer, which provides for a \$150 million revolving credit facility (the "Credit Facility"). As of June 30, 2026, we had no outstanding borrowings under the Credit Facility and the available borrowing capacity was \$150 million. See Note 7, "Debt," to the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information regarding the Credit Agreement, including a summary of the current terms of the Credit Facility.

In March 2026, we repaid the remaining \$8 million aggregate principal amount of the 2026 Convertible Notes. We also repurchased \$100 million aggregate principal amount of the 2028 Convertible Notes for an aggregate cash price of \$92 million, reducing the outstanding principal balance to approximately \$150 million.

In June 2026, we issued \$316 million aggregate principal amount of the 2032 Convertible Notes. The total net proceeds from the 2032 Convertible Notes, after deducting initial purchaser discounts, costs related to the 2032 Capped Calls (as defined herein), and debt issuance costs, paid by us, were approximately \$282 million. We used approximately \$122 million of those proceeds to repurchase additional 2028 Convertible Notes, reducing the outstanding principal balance to approximately \$28 million. We may, at any time and from time to time, seek to retire or purchase our 2028 Convertible Notes or 2032 Convertible Notes through cash purchases and/or exchanges for equity or debt, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

We believe that our cash, cash equivalents and marketable securities balances, and the cash flows generated by our operations, will be sufficient to satisfy our anticipated cash needs for working capital and capital expenditures for at least the next 12 months. However, our belief may prove to be incorrect, and we could utilize our available financial resources sooner than we currently expect. Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth in the section titled "Risk Factors." We may be required to seek additional equity or debt financing in order to meet these future capital requirements. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us, or at all. If we are unable to raise additional capital when desired, our business, results of operations and financial condition would be adversely affected.

Our principal future commitments consist of (i) an aggregate of \$344 million in Convertible Notes, (ii) \$441 million in future minimum rent payments for our current office space, including a \$434 million non-cancelable lease for our corporate headquarters, which commenced in the third quarter of 2023 and which will continue for an initial twenty (20) year term, and (iii) \$21 million in non-cancelable purchase obligations and future minimum payments under contracts to various service providers. For additional information on these future contractual obligations, see Note 7, "Debt," and Note 11, "Commitments and Contingencies," to the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Management's Discussion and Analysis

Cash Flows

The table below summarizes our cash flow information for the periods presented:

	Six months ended June 30,	
	2026	2025
	(In thousands)	
Net cash provided by operating activities	\$ 37,540	\$ 28,638
Net cash used in investing activities	(10,376)	(22,067)
Net cash provided by (used in) financing activities	41,000	(29,067)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,151)	657
Net increase (decrease) in cash, cash equivalents, and restricted cash	<u>\$ 67,013</u>	<u>\$ (21,839)</u>

Cash Flows from Operating Activities

For the six months ended June 30, 2026, net cash provided by operating activities was \$38 million and was generated by our aggregate results of \$52 million during the period, net of (1) non-cash items comprising depreciation and amortization, non-cash reduction to the right-of-use asset, amortization of debt discount and issuance costs, stock-based compensation, deferred taxes and other, net gain on extinguishment of debt and (2) a \$14 million cash outflow, primarily from lower operating liabilities and higher operating assets. Within operating liabilities, net cash provided of \$9 million was primarily attributable to an increase in accounts payable as a result of the timing of payments at quarter end. Within operating assets, the net cash used of \$23 million was primarily driven by higher unbilled receivables balances of \$19 million from higher usage amounts in the last month of the quarter ended June 30, 2026 and changes in prepaid expenses and other current assets of \$4 million.

Cash Flows from Investing Activities

For the six months ended June 30, 2026, net cash used in investing activities was \$10 million, primarily reflecting \$10 million of capital expenditures for property, plant and equipment and \$5 million of capitalized software development costs related to investments in our communications platform, partially offset by \$4 million of net proceeds from marketable securities.

Cash Flows from Financing Activities

For the six months ended June 30, 2026, net cash provided by financing activities was \$41 million, primarily reflecting net proceeds of \$282 million from the issuance of the 2032 Convertible Notes, after debt issuance costs and capped call payments, partially offset by \$216 million used to repurchase the 2028 Convertible Notes. We also used \$20 million for share repurchases under our share repurchase program and \$5 million for tax withholdings on vested employee awards.

Management's Discussion and Analysis

Non-GAAP Financial Measures

We use Non-GAAP gross profit, Non-GAAP gross margin, Non-GAAP net income, Adjusted EBITDA and free cash flow for financial and operational decision making and to evaluate period-to-period differences in our performance. Non-GAAP gross profit, Non-GAAP gross margin, Non-GAAP net income, Adjusted EBITDA and free cash flow are non-GAAP financial measures, which we believe are useful for investors in evaluating our overall financial performance. We believe these measures provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects and allow for greater transparency with respect to key performance indicators used by management in its financial and operational decision making. See below for a reconciliation of each of the non-GAAP financial measures described below.

Non-GAAP Gross Profit and Non-GAAP Gross Margin

GAAP defines gross profit as revenue less cost of revenue. Cost of revenue includes all expenses associated with our various service offerings as more fully described under the caption "Key Components of Statements of Operations-Cost of Revenue and Gross Margin."

We calculate Non-GAAP gross margin by dividing Non-GAAP gross profit by cloud communications revenue.

In our calculation of Non-GAAP gross profit and Non-GAAP gross margin, we eliminate the impact of depreciation and amortization, amortization of acquired intangible assets related to acquisitions, stock-based compensation and related payroll taxes, pass-through messaging surcharges, and all significant non-cash items, because we do not consider them indicative of our core operating performance. The exclusion of these items facilitates comparisons of our operating performance on a period-to-period basis. Management uses Non-GAAP gross profit and Non-GAAP gross margin to evaluate operating performance and to determine resource allocation among our various service offerings. We believe Non-GAAP gross profit and Non-GAAP gross margin provide useful information to investors and others to understand and evaluate our operating results in the same manner as our management and board of directors and allows for better comparison of financial results among our competitors. Non-GAAP gross profit and Non-GAAP gross margin may not be comparable to similarly titled measures of other companies because other companies may not calculate Non-GAAP gross profit and Non-GAAP gross margin or similarly titled measures in the same manner we do.

The following table shows a reconciliation of gross profit to non-GAAP gross profit and gross profit margin to non-GAAP gross margin for the periods presented:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	(Dollars in thousands)			
Gross Profit	\$ 78,543	\$ 71,664	\$ 156,457	\$ 143,176
Gross Profit Margin %	36 %	40 %	36 %	40 %
Depreciation	6,122	5,160	11,948	9,838
Amortization of acquired intangible assets	5,060	2,042	10,134	3,939
Stock-based compensation and related payroll taxes	521	530	986	1,055
Non-GAAP Gross Profit	\$ 90,246	\$ 79,396	\$ 179,525	\$ 158,008
Non-GAAP Gross Margin % ⁽¹⁾	59 %	58 %	59 %	59 %

⁽¹⁾ Calculated by dividing Non-GAAP gross profit by cloud communications revenue of \$152 million and \$302 million for the three and six months ended June 30, 2026, respectively, and \$136 million and \$269 million for the three and six months ended June 30, 2025, respectively.

Management's Discussion and Analysis

Non-GAAP Net Income

We define Non-GAAP net income as net income or loss adjusted for certain items affecting period-to-period comparability. Non-GAAP net income excludes:

- stock-based compensation and related payroll taxes;
- amortization of acquired intangible assets related to acquisitions;
- amortization of debt discount and issuance costs for convertible debt;
- acquisition related expenses;
- impairment charges of intangibles assets, if any;
- net cost associated with early lease terminations and leases without economic benefit;
- (gain) loss on sale of business;
- net (gain) loss on extinguishment of debt;
- gain on business interruption insurance recoveries;
- non-recurring items not indicative of ongoing operations and other; and
- estimated tax impact of above adjustments, net of valuation allowances.

We calculate Non-GAAP basic and diluted shares by adding the weighted average of outstanding Series A redeemable convertible preferred stock, if any, to the weighted average number of outstanding basic and diluted shares, respectively. The tax-effect of Non-GAAP adjustments is determined by recalculating the tax provision on a Non-GAAP basis. When we have a valuation allowance recorded and no tax benefits will be recognized, the rate is considered to be zero.

We believe Non-GAAP net income is a meaningful measure because by removing certain non-cash and other expenses, we are able to evaluate our operating results in a manner we believe is more indicative of the current period's performance. We believe the use of Non-GAAP net income may be helpful to investors because it provides consistency and comparability with past financial performance, facilitates period-to-period comparisons of results of operations and assists in comparisons with other companies, many of which may use similar Non-GAAP financial information to supplement their GAAP results. As a result of the adoption of ASU No. 2020-06 on January 1, 2022, we add back cash interest expense on the Convertible Notes, as if converted at the beginning of the period, if the impact is dilutive for the purposes of calculating diluted Non-GAAP net income or loss per Non-GAAP share.

Management's Discussion and Analysis

The following table shows a reconciliation of net income (loss) to non-GAAP net income and net income (loss) per share to non-GAAP net income per non-GAAP share for the periods presented:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(In thousands, except share and per share amounts)				
Net income (loss)	\$ 2,387	\$ (4,931)	\$ 6,505	\$ (8,671)
Stock-based compensation and related payroll taxes	15,385	12,545	28,375	26,120
Amortization of acquired intangibles	7,586	4,565	15,190	8,852
Amortization of debt discount and issuance costs for convertible debt	214	278	457	576
Net gain on extinguishment of debt	(5,163)	—	(12,446)	(1,082)
Non-recurring items not indicative of ongoing operations and other ⁽¹⁾	(746)	278	(1,134)	817
Estimated tax effects of adjustments ⁽²⁾	(6,106)	(905)	(10,872)	(3,652)
Non-GAAP net income	\$ 13,557	\$ 11,830	\$ 26,075	\$ 22,960
Interest expense on Convertible Notes ⁽³⁾	125	238	335	488
Numerator used to compute Non-GAAP diluted net income per share	\$ 13,682	\$ 12,068	\$ 26,410	\$ 23,448
Net income (loss) per share				
Basic	\$ 0.07	\$ (0.16)	\$ 0.20	\$ (0.29)
Diluted	\$ (0.07)	\$ (0.16)	\$ (0.15)	\$ (0.29)
Non-GAAP net income per Non-GAAP share				
Basic	\$ 0.42	\$ 0.40	\$ 0.82	\$ 0.78
Diluted	\$ 0.37	\$ 0.38	\$ 0.72	\$ 0.74
<i>Weighted average number of shares outstanding</i>				
Basic	32,129,631	29,889,020	31,906,992	29,438,230
Diluted	33,490,677	29,889,020	33,225,729	29,438,230
Non-GAAP basic shares	32,129,631	29,889,020	31,906,992	29,438,230
Convertible debt conversion	1,361,046	1,478,379	1,318,737	1,568,075
Stock options issued and outstanding	35,993	14,988	42,020	19,471
Nonvested RSUs outstanding	3,515,243	—	3,186,926	482,045
Non-GAAP diluted shares	37,041,913	31,382,387	36,454,675	31,507,821

⁽¹⁾ Non-recurring items not indicative of ongoing operations and other include (i) \$(0.8) million and \$(1.4) million of foreign exchange charges primarily related to balance sheet revaluations during the three and six months ended June 30, 2026, respectively, (ii) less than \$0.1 million and \$0.2 million of losses on disposals of property, plant and equipment during the three and six months ended June 30, 2026, respectively, (iii) \$0.2 million of losses on disposals of property, plant and equipment during the three and six months ended June 30, 2025, (iv) \$0.1 million of losses on sale of business during the three and six months ended June 30, 2025, and (v) \$0.5 million of nonrecurring litigation expense during the six months ended June 30, 2025.

⁽²⁾ The estimated tax-effect of adjustments is determined by recalculating the tax provision on a Non-GAAP basis. The Non-GAAP effective income tax rate was 20.1% and 13.9% for the six months ended June 30, 2026 and 2025, respectively. We analyze the Non-GAAP valuation allowance position on a quarterly basis. As of June 30, 2026, we have no valuation allowance against our deferred tax assets for Non-GAAP purposes.

⁽³⁾ Non-GAAP net income is increased for interest expense as part of the calculation for diluted Non-GAAP earnings per share.

Management's Discussion and Analysis

Adjusted EBITDA

We define Adjusted EBITDA as net income or losses from continuing operations, adjusted to reflect the addition or elimination of certain income statement items including, but not limited to:

- income tax (benefit) provision;
- interest (income) expense, net;
- depreciation and amortization expense;
- acquisition related expenses;
- stock-based compensation expense and related payroll taxes;
- impairment of intangible assets, if any;
- (gain) loss on sale of business;
- net cost associated with early lease terminations and leases without economic benefit;
- net (gain) loss on extinguishment of debt;
- gain on business interruption insurance recoveries; and
- non-recurring items not indicative of ongoing operations and other.

Adjusted EBITDA is a key measure used by management to understand and evaluate our core operating performance and trends, to generate future operating plans and to make strategic decisions regarding the allocation of capital. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA facilitates comparisons of our operating performance on a period-to-period basis.

The following table shows a reconciliation of net income (loss) to Adjusted EBITDA for the periods presented:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	(In thousands)			
Net income (loss)	\$ 2,387	\$ (4,931)	\$ 6,505	\$ (8,671)
Income tax (benefit) provision	(2,789)	136	(4,315)	66
Interest expense, net	967	547	1,640	1,035
Depreciation	10,141	8,750	19,924	16,966
Amortization	7,586	4,565	15,190	8,852
Stock-based compensation and related payroll taxes	15,385	12,545	28,375	26,120
Net gain on extinguishment of debt	(5,163)	—	(12,446)	(1,082)
Non-recurring items not indicative of ongoing operations and other ⁽¹⁾	(746)	278	(1,134)	817
Adjusted EBITDA	\$ 27,768	\$ 21,890	\$ 53,739	\$ 44,103

⁽¹⁾ Non-recurring items not indicative of ongoing operations and other include (i) \$(0.8) million and \$(1.4) million of foreign exchange charges primarily related to balance sheet revaluations during the three and six months ended June 30, 2026, respectively, (ii) less than \$0.1 million and \$0.2 million of losses on disposals of property, plant and equipment during the three and six months ended June 30, 2026, respectively, (iii) \$0.2 million of losses on disposals of property, plant and equipment during the three and six months ended June 30, 2025, (iv) \$0.1 million of losses on sale of business during the three and six months ended June 30, 2025, and (v) \$0.5 million of nonrecurring litigation expense during the six months ended June 30, 2025.

Management's Discussion and Analysis

Free Cash Flow

Free cash flow represents net cash provided by or used in operating activities less net cash used in the acquisition of property, plant and equipment and capitalized development costs of software for internal use. We believe free cash flow is a useful indicator of liquidity and provides information to management and investors about the amount of cash generated from our core operations that can be used to invest in our business. Free cash flow has certain limitations because it is subject to working capital timing, it does not represent the total increase or decrease in the cash balance for the period, it does not take into consideration investment in long-term securities, nor does it represent residual cash flows available for discretionary expenditures. Therefore, it is important to evaluate free cash flow along with our condensed consolidated statements of cash flows.

The following table presents free cash flow for the periods presented:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(In thousands)				
Net cash provided by operating activities	\$ 28,772	\$ 31,721	\$ 37,540	\$ 28,638
Net cash used in investing in capital assets ⁽¹⁾	(5,033)	(6,090)	(14,383)	(16,302)
Free cash flow	\$ 23,739	\$ 25,631	\$ 23,157	\$ 12,336

⁽¹⁾ Represents the acquisition cost of property, plant and equipment and capitalized development costs for software for internal use.

Critical Accounting Policies and Estimates

Our unaudited condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, and expenses and related disclosures. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these judgments and estimates under different assumptions or conditions, and any such differences may be material.

There have been no material changes to our critical accounting policies and significant judgments and estimates as compared to the critical accounting policies and significant judgments and estimates disclosed in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on February 19, 2026.

Recently Issued Accounting Guidance

See Note 1, "Description of Business and Summary of Significant Accounting Policies," to the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for a summary of recently adopted accounting standards and recent accounting pronouncements not yet adopted, if applicable.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

We had cash and cash equivalents of \$170 million and marketable securities of \$4 million as of June 30, 2026, which were held for working capital purposes. Our cash and cash equivalents are comprised primarily of interest bearing checking and direct deposit accounts, and money market accounts. Marketable securities consist of commercial paper not otherwise classified as cash equivalents. Such interest-earning instruments carry a degree of interest rate risk. To date, fluctuations in interest income have not been significant. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Due to the short-term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates.

Interest on borrowings under our Credit Facility accrues at an annual rate tied to a base rate or the SOFR, at our election. Under the terms of the Credit Agreement, loans based on SOFR bear interest at a rate equal to term SOFR for the applicable interest period plus 10 basis points plus an applicable margin between 2.0% and 2.5%, and loans based on the base rate bear interest at a rate equal to the base rate plus an applicable margin between 1.0% and 1.50%, in each case of the foregoing, depending upon our consolidated total leverage ratio for the most recent fiscal quarter for which financial statements have been delivered under the Credit Agreement. As a result, we are exposed to interest rate risk as we make draws on the Credit Facility. As of June 30, 2026, there were no outstanding borrowings under the Credit Facility.

On June 18, 2026, we issued \$316 million aggregate principal amount of the 2032 Convertible Notes. As of June 30, 2026, we paid off the entirety of our 2026 Convertible Notes and had gross carrying amounts of \$28 million and \$316 million outstanding from our 2028 Convertible Notes and 2032 Convertible Notes, respectively. As the 2028 Convertible Notes have a fixed annual interest rate and the interest rate on our 2032 Convertible Notes is 0%, we have no financial or economic interest exposure associated with changes in interest rates. However, the fair value of fixed rate debt instruments fluctuates when interest rates change. Additionally, the fair value can be affected when the market price of our common stock fluctuates. We carry the 2028 Convertible Notes and the 2032 Convertible Notes at face value less unamortized discount on our balance sheet, and we present the fair value for required disclosure purposes only.

See Note 7, “Debt,” to the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on the Credit Facility and the Convertible Notes.

A hypothetical 10% change in interest rates would not have had a material impact on our financial results included elsewhere in this Quarterly Report on Form 10-Q.

Foreign Currency Risk

The functional currencies of our foreign subsidiaries are the respective local currencies of the jurisdictions in which they operate, which are primarily the Euro and the British Pound. Approximately 12% and 13% of our total revenue was generated outside North America for the six months ended June 30, 2026 and 2025, respectively. The majority of our revenues and operating expenses are denominated in U.S. dollars, and therefore are not currently subject to significant foreign currency risk. Our subsidiaries remeasure monetary assets and liabilities at period-end exchange rates, while non-monetary items are remeasured at historical rates. Revenue and expense accounts are remeasured at the average exchange rate in effect during the year. Foreign currency translation adjustments are accounted for as a component of accumulated other comprehensive loss within stockholders' equity. Gains or losses due to transactions in foreign currencies are included in other (expense) income, net in our condensed consolidated statements of operations. We do not currently engage in any hedging activity to reduce our potential exposure to currency fluctuations, although we may choose to do so in the future. To the extent the U.S. dollar weakens against foreign currencies, the translation of these foreign currencies results in increased revenue and operating expenses for our rest of world operations. Similarly, our revenue and operating expenses for our rest of world operations decrease if the U.S. dollar strengthens against foreign currencies. A hypothetical 10% adverse change in foreign currency exchange rates would have adversely impacted our net income for the six months ended June 30, 2026 by approximately \$3 million.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, have evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act during the quarter ended June 30, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent limitation on the effectiveness of internal control

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Information with respect to this item may be found in Note 11, “Commitments and Contingencies,” in the accompanying notes to the consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q, under “Legal Matters”, which is incorporated herein by reference.

In addition to the litigation referenced above, we have received, and may in the future continue to receive, claims from third parties relating to number management and billing, employment-related claims, claims arising from customer misuse of our offerings, and claims asserting, among other things, infringement of their intellectual property rights. Future litigation may be necessary to defend ourselves, our partners and our customers by determining the scope, enforceability and validity of third-party proprietary rights, or to establish our proprietary rights or to recover amounts owed to us.

The results of any current or future litigation in which we engage cannot be predicted with certainty. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Item 1A. Risk Factors

A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the market price of our Class A common stock could decline.

Risk Factors Summary

The following is a summary of the principal risks that could adversely affect our business, results of operations and financial condition.

Risks Related to Our Business

- Our growth and financial health are subject to a number of economic risks.
- Government shutdowns or delays in federal agency operations, subject us to a number of risks.
- Nearly all of our operating cash is held in financial institution accounts that are not FDIC-insured.
- The market in which we participate is highly competitive, and we may not compete effectively.
- We may not be able to attract new customers in a cost-effective manner.
- The market for some of our services is new and unproven, and may decline or experience limited growth.
- Our ability to meet our goals for revenue growth, cash flow and operating performance depends on customers increasing their use of our services.
- We may not be able to increase the revenue that we derive from enterprises.
- We may not be able to develop service enhancements or new services that achieve market acceptance.
- We use AI in our business, and challenges in managing it could adversely affect our results of operations.
- As we expand, we may experience difficulty maintaining our corporate culture and operational infrastructure.
- We have grown rapidly, and may not be able to manage the growth effectively.
- Our pricing and billing systems are complex and errors could adversely affect our results of operations.

- We must continue to develop effective systems to support our business.
- We may not be able to maintain and enhance our brand and increase market awareness.
- Failure to deliver high-quality support may adversely affect our customer relationships.
- We operate internationally, which exposes us to incremental risks.
- A significant portion of our revenue is concentrated in a limited number of large customers.
- Cyberattacks or breaches of our systems or third-party systems we rely on could disrupt our services and harm our business.
- We are currently subject to litigation, including litigation related to taxes and charges associated with our provision of 911 services.
- Customer misuse of our services and software could result in litigation and/or regulatory enforcement actions and harm our business and reputation.
- We are subject to litigation in the ordinary course of business, which may harm our business.
- The communications industry faces significant regulatory uncertainties globally.
- The effects of evolving regulation of Internet Protocol (“IP”)-based service providers are unknown.
- Expanded state and federal oversight and enforcement may increase our compliance and litigation risk.
- We must obtain and maintain numerous licenses and permits to operate our network.
- Evolving technical standards could increase business costs for existing and future products.
- Regulatory violations could limit our operations or impose costly compliance obligations.
- Our business is subject to complex and evolving laws, commercial standards, contractual obligations and other requirements regarding privacy and data protection.
- Our business may be harmed if we cannot obtain or retain numbering resources.
- We may be exposed to liabilities under anti-corruption, export control and economic sanction regulations.
- Third-party intellectual property rights could prevent us from using technologies needed to provide our services.
- Use of open source software could negatively affect our ability to sell our services and subject us to litigation.
- Indemnity provisions in various agreements potentially expose us to substantial liability.
- We may fail to protect our internally developed systems, technology and software and our intellectual property.
- We may be liable for the information that content owners or distributors distribute over our network.
- Third parties may use our services to commit fraud or steal our services.
- Our customers may choose to discontinue use of Voice over Internet Protocol (“VoIP”)-based services and revert to traditional network service providers.
- We may lose customers if our platform or network fails or is disrupted.
- Defects or errors in our services could harm our business.
- If our emergency services do not function properly, we may be exposed to significant liability.
- Termination of relationships with key suppliers could cause delay and additional costs.
- Supply chain interruptions or cyber-attacks aimed at third parties we work with could harm our business.
- Our customer churn rate may increase.
- The prices for some of our services have decreased in the past and may do so again in the future.
- The need to obtain additional IP circuits or interconnect with other networks could increase our costs.
- The loss of any member of our senior management team or key employees could harm our business.
- If we are unable to hire, retain and motivate qualified personnel, our business will suffer.
- We could be subject to additional tax liabilities for historic and future sales, use and similar taxes.
- Our global operations and legal entity structure subject us to potentially adverse income tax consequences.

- Use of net operating loss and tax credit carryforwards to offset future taxable income may be limited.
- If we redeem or repurchase shares of our stock in the future, we could be subject to an excise tax.
- Our estimates or judgments relating to our critical accounting policies may prove to be incorrect.
- We may not maintain an effective system of disclosure controls and internal control over financial reporting.
- If our goodwill or intangible assets become impaired, we may be required to record a significant charge.
- Foreign currency exchange rate fluctuations may harm our business.
- Natural disasters, pandemics, power outages, terrorist attacks, acts of war, civilian unrest and similar events could harm our business.
- We may acquire other businesses, which may divert our management's attention and impact our stock price.

Risks Related to the Convertible Notes

- Servicing our future indebtedness may require a significant amount of cash, which we may not have.
- We may not have the ability to raise the funds necessary for cash settlement of the Convertible Notes.
- The capped call transactions may affect the value of the Convertible Notes and our Class A common stock.
- We are subject to counterparty risk with respect to the Capped Calls.

Risks Related to Ownership of Our Class A Common Stock

- Our Class A common stock price may be volatile and you could lose all or part of your investment.
- Substantial future sales of shares of our Class A common stock could cause the price of our Class A to decline.
- Our dual class capital structure may be perceived to concentrate voting control.
- We cannot predict the impact our capital structure may have on our stock price.
- Our stock price and trading volume could decline if securities or industry analysts stop covering our Class A Common Stock.
- Anti-takeover provisions in our organizational documents and Delaware law could impair a takeover attempt.
- Our certificate of incorporation and bylaws include super-majority voting provisions.
- Our bylaws provide that Delaware will be the sole and exclusive forum for certain stockholder litigation.
- We may need additional capital in the future and such capital may be limited or unavailable.
- We do not intend to pay dividends for the foreseeable future.

Risks Related to Our Business

Our growth and financial health are impacted by a number of risks, including uncertain capital markets, political and economic instability in a number of regions, the imposition of widespread tariffs, unfavorable macroeconomic conditions, recessionary fears, high rates of inflation and higher interest rates.

In recent years, the financial markets in the United States have experienced substantial volatility in securities prices, reduced liquidity and credit availability, rating downgrades of certain investments and declining values with respect to others. If capital and credit markets continue to experience uncertainty, we may not be able to obtain debt or equity financing or to refinance our existing indebtedness on favorable terms or at all, which could impair our ability to execute on our strategy, and harm our financial performance. These conditions currently have not precluded us from accessing credit markets or financing our operations, but there can be no assurance that financial markets and confidence in major economies will not deteriorate.

In addition, we are vulnerable to changes in market preferences or other market changes, as well as general macroeconomic conditions, reduced growth rates, interest rates, tax rates and policies, inflation, a significant shift in U.S., state and foreign government policies and the deterioration of economic relations between countries or regions, including potential negative consumer sentiment toward non-local products or sources. In recent years, the United States has experienced higher rates of inflation and as a result, we may experience a compression in our gross margins. These inflationary pressures could affect wages, the cost of and our ability to obtain necessary

components, the price of our products and services, our ability to meet customer demand, and our gross margins and operating profit. Inflation may further exacerbate other risks discussed in this “Risk Factors” section, such as risks related to our sales and marketing efforts and our ability to attract, motivate and retain sales, engineering and other key personnel. If we are unable to successfully manage the effects of inflation, our business, operating results, cash flows and financial condition may be adversely affected.

As a result of recent changes to U.S. and foreign government policies, there may be changes to existing trade agreements, greater restrictions on free trade generally, the imposition of or significant increases in tariffs on goods imported into the U.S., and adverse responses by foreign governments to U.S. trade policies, among other possible changes. The U.S. government has implemented or announced it intends to implement or increase tariffs, and it remains unclear what the U.S. government or foreign governments will or will not do with respect to tariffs or trade agreements and policies. These trade measures enacted, or threatened to be enacted, by the U.S. and other countries have led to increased volatility and uncertainty in certain parts of the global economy. We cannot predict the timing, strength, or duration of the current or any future potential economic volatility or slowdown in the U.S. or globally. Increased tariffs could adversely impact the costs to us of the fiber, computers, software, transmission electronics and related network components, including network colocation facilities, that are critical to the operation of our network. We may not be able to offset any such increase in costs with a commensurate increase in the price of our services, which could have an adverse impact on our business, results of operations and financial condition.

The U.S. and global economies have in the past, and will in the future, experience recessionary periods and periods of economic instability, which could affect the rate of technology spending generally. During such periods, our existing and potential customers may choose not to expend the amounts that we anticipate based on our expectations with respect to the addressable market for the services we offer. Customers may also suffer financial hardships due to economic conditions such that their accounts become uncollectible or are subject to longer collection cycles. There could also be a number of other effects from adverse general business and economic conditions on our business, including insolvency of any of our third-party suppliers or contractors, decreased market confidence, decreased interest in communications solutions, decreased discretionary spending and reduced customer demand for the services we offer, any of which could have a material adverse effect on our business, financial condition and results of operations and exacerbate some of the other risk factors contained in this Quarterly Report on Form 10-Q.

Nearly all of our operating cash is maintained in deposit accounts with various financial institutions and is not insured by the FDIC.

Nearly all of our operating cash is maintained in deposit accounts at various financial institutions and is not insured by the FDIC. We believe we employ a reasonable strategy to diversify our cash deposits among financial institutions. However, if any of the institutions into which our funds are deposited experience limited liquidity or otherwise defaults or does not perform its obligations to depositors, we may not be able to access those funds in a timely manner, or at all, which could adversely affect our business, financial condition or results of operations, and our prospects.

Government shutdowns or delays in government agency operations, including those of the FCC, could materially and adversely affect our business, financial condition, and results of operations.

Lapses in U.S. federal government funding, such as the government shutdown experienced in the U.S. in October 2025, and other significant disruptions to government agency operations may have a material adverse effect on our business, financial condition, and results of operations.

As a telecommunications services provider, our business depends on the continued operations and timely reviews of federal agencies, such as the FCC, which oversees licensing and other authorizations, regulatory proceedings, product certifications and other telecommunications industry issues. Importantly, the FCC also provides telecommunications service providers like Bandwidth with a venue for dispute resolution when certain disputes with other providers arise, and this venue is unavailable during a government shutdown.

The recent government shutdown caused significant impacts to FCC operations, suspending transaction review timelines and extending various types of filing and review deadlines until one day after the government reopened, effectively delaying the regulatory process and impacting the pace at which certain business goals could be pursued and disputes resolved. The government shutdown also delayed our participation in open FCC rulemaking proceedings surrounding issues like the transition of communications networks to all-Internet Protocol technology, which is important to our competitive positioning, growth strategy, and long-term business objectives.

Any future government shutdowns or significant reduction in federal agency operations, may also diminish our ability to access the public markets and obtain necessary capital to properly capitalize and continue operations. Although we have insignificant sales involving the government, a shutdown may also impede our customers' ability to obtain or utilize federal funds and regulatory approvals, potentially reducing their demand for our services or adversely affecting their ability to make timely payments to us.

The market in which we participate is highly competitive, and if we do not compete effectively, our business, results of operations and financial condition could be adversely affected.

The market for cloud communications is rapidly evolving, significantly fragmented and highly competitive, with relatively low barriers to entry in some segments while other areas experience increased barriers. The principal competitive factors in our market include completeness of our suite of service offerings, credibility with enterprises and developers, global reach, ease of integration and programmability, product features, platform scalability, reliability, deliverability, security and performance, brand awareness and reputation, the strength of sales and marketing efforts and customer support, as well as the cost of deploying and using our services. Our competitors fall into two primary categories:

- CPaaS companies that offer software APIs, less robust customer support and fewer other features, while relying on third-party networks and physical infrastructure; and
- network service providers that offer limited developer functionality on top of their own networks and physical infrastructure.

Some of our competitors and potential competitors are larger and have greater name recognition, longer operating histories, more established customer relationships, greater penetration into the enterprise space, a larger global reach, larger budgets and significantly greater resources than we do. In addition, they have the operating flexibility to bundle competing products and services at little or no incremental cost, including by offering them at a lower price as part of a larger sales transaction. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, technical and commercial standards or customer requirements and preferences. In addition, some competitors may offer services that address one or a limited number of functions at lower prices, with greater depth than our services, or in different geographies. Our current and potential competitors may develop and market new services with comparable functionality to our services, which may force us to compete on price in order to remain competitive and therefore erode our profit margins. Customers utilize our services in many ways and use varying levels of functionality that our services offer or are capable of supporting or enabling our services within their applications. Customers using only limited functionality may be able to more easily replace our services with competitive offerings. By contrast, customers using many of the features of our services or using our services to support or enable core functionality for their applications may find it difficult or impractical to replace our services with a competitor's services.

With the introduction of new services and new market entrants, we expect competition to intensify in the future. In addition, some of our customers choose to use both our services and our competitors' services in order to provide redundancy in their ability to deliver their own product offerings. Moreover, as we expand the scope of our services, we may face additional competition. If one or more of our competitors were to merge or partner with another of our competitors, this change in the competitive landscape could further adversely affect our ability to compete effectively.

Our current and potential competitors have developed, and in the future may develop, service offerings that are available not only in the United States, but also internationally. To the extent that customers seek service offerings that include support and scaling internationally, they may choose to use other service providers to fill their communication service needs before we have fully expanded and scaled our international offerings. Each of these factors could lead to reduced revenue, slower growth and lower international brand name recognition amongst our industry competitors, any or all of which could harm our business, results of operations and financial condition.

If we are unable to attract new customers in a cost-effective manner, our business, results of operations and financial condition could be adversely affected.

In order to grow our business, we must continue to attract new customers in a cost-effective manner. We use a variety of marketing channels to promote our services and our communications platform and we periodically adjust the mix of our marketing programs. If the costs of the marketing channels we use increase dramatically, then we may choose to use alternative and less expensive channels, which may not be as effective as the channels we currently use. As we add to or change the mix of our marketing strategies and as target audience preferences shift across channels, we may need to expand into more expensive channels than those we are currently in, which could adversely affect our business, results of operations and financial condition. We will incur marketing expenses before we are able to recognize any revenue that the marketing initiatives may generate, and these expenses may not result in increased revenue or brand awareness. We have made in the past, and may make in the future, significant expenditures and investments in new marketing campaigns. We cannot assure you that any new investments in sales and marketing, including any increased focus on enterprise sales efforts, will lead to the cost-effective acquisition of additional customers or increased sales or that our sales and marketing efficiency will be consistent with prior periods. If we are unable to maintain effective marketing programs, then our ability to attract new customers could be materially and adversely affected.

The market for some of our services is new and unproven, may decline or experience limited growth and is dependent in part on enterprises and developers continuing to adopt our platform and use our services.

We have been developing and providing a cloud-based platform that enables developers and organizations to integrate voice and messaging communications capabilities into their software applications. This market is subject to a number of risks and uncertainties. We believe that our future success will depend in large part on the growth, if any, of this market. For example, developers and organizations may not recognize the need for, or benefits of, our services and platform. And even if they recognize the need for and benefits of our services and platform, they may decide to adopt alternative services and/or develop the necessary services in-house to satisfy their business needs.

In order to grow our business and expand our market position, we intend to focus on educating enterprise customers about the benefits of our services and platform, expanding the functionality of our services, and bringing new technologies to market to increase market acceptance and use of our platform. Our ability to expand the market that our services and platform address depends upon a number of factors, including the cost, performance and perceived value associated with such services and platform.

The market for our services and platform could fail to grow significantly or there could be a reduction in demand for our services and platform as a result of a lack of customer acceptance, technological changes or challenges, or our inability to successfully introduce new product offerings. If demand for our services and platform does not grow or if it decreases, then our business, results of operations and financial condition could be adversely affected.

Our ability to achieve revenue growth, cashflow, and operating performance depends on retaining customers and increasing their use of our services.

Customers generally are charged based on the usage of our services. Most of our customers do not have long-term contractual financial commitments to us and, therefore, most of our customers may reduce or cease their use of our services at any time without penalty or termination charges. We cannot accurately predict customers' usage levels, and the loss of customers or reductions in their service usage levels may each have a negative impact on our business, results of operations and financial condition and may cause our net retention rate to decline in the future. As a result, we may be required to spend significantly more than planned on sales and marketing efforts to maintain or increase revenue from customers, which could adversely affect our business, results of operations and financial condition then we may be unable to increase or maintain our revenue at acceptable margins.

If we are unable to increase the revenue that we derive from enterprises, our business, results of operations and financial condition may be adversely affected.

Our ability to expand our sales to enterprise customers will depend, in part, on our ability to effectively organize, focus and train our sales and marketing personnel and to attract and retain sales personnel capable of selling to enterprises. We believe there is significant competition for experienced sales professionals with the skills and technical knowledge our business requires. Our ability to achieve significant revenue growth in the future will depend, in part, on our ability to recruit, train and retain a sufficient number of talented sales professionals, particularly those with experience selling to enterprises. In addition, even if we are successful in hiring qualified sales personnel, new hires require significant training and experience before they achieve full productivity, particularly for sales efforts targeted at enterprises and new territories. Our recent hires and planned hires may not become as productive as quickly as we expect and we may be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets where we do business.

The sales cycle for typical enterprise customers is lengthy and complex. The adoption and implementation of our enterprise service offerings are often considered a strategic purchasing decision, and may require the approval of multiple executive-level technical and business decision-makers, including security, compliance, procurement, operations and IT. In addition, enterprise customers often require extensive education about our services and significant customer support time, engage in protracted pricing negotiations, and seek to secure readily available development resources. Enterprise customers may also require deployment of our services on a limited basis prior to making a commitment to deploy our services more broadly over a contracted period of time. These complex and resource-intensive sales efforts could place outsized strain on our limited product and engineering resources.

Further, enterprise customers, including some of our customers, may choose to develop their own solutions in-house that do not include our services. They also may demand reductions in pricing as their usage of our services increases, which could have an adverse impact on our gross margin. We may not be successful in our efforts to grow our enterprise customer base, and if we are unable to increase the revenue we derive from enterprises, then our business, results of operations and financial condition may be adversely affected.

If we do not develop enhancements to our services and introduce new services or features that achieve marketplace acceptance and preference, our business, results of operations and financial condition could be adversely affected.

Our ability to attract new customers and increase revenue from existing customers depends in part on our ability to increase adoption and usage of our services, enhance and improve functionality of our existing services, and introduce new services and features. The success of any enhancements or new services or features depends on several factors, including timely completion, adequate quality testing, actual performance quality, market-accepted pricing levels and overall market acceptance. Enhancements and new services or features that we develop may not be introduced in a timely or cost-effective manner, may contain errors or defects, may have interoperability difficulties with our communications platform, network or other services, or may not achieve the broad market acceptance necessary to generate significant revenue.

We also must integrate with a variety of network, hardware, mobile and software platforms and technologies, which requires us to adapt our communications platform and product offerings to changes and innovation in these technologies. Wireline and wireless telephone providers, as well as cell-phone operating system providers such as Apple and Google, have developed, and may in the future develop, new applications, functions or technologies intended to filter illegal robocalls or other unwanted phone calls or messages. Such applications, functions or technologies may inadvertently filter legal and desired calls or messages to or from our customers and in some cases, we may need to update our services and technology or work with these providers to ensure customer success in the face of these applications, functions or technologies. Any failure to operate effectively with evolving or new technologies could reduce the demand for our services. The introduction of new features for existing products may require new technology and services, which we may procure from third party vendors. The success of these upgrades may be dependent on reaching mutually acceptable terms with vendors, on vendors meeting their obligations in a timely manner, and on the financial and operational stability of selected vendors. If we cannot respond to technological changes and evolving customer requirements in a timely and cost-effective manner, or if our new or enhanced services do not gain market acceptance, our services may become less competitive or obsolete and our business, results of operations and financial condition would be adversely affected.

Our use of AI, including the ability for customers to integrate AI technologies developed by third parties into certain offerings via our Maestro platform and related offerings, may fail to yield the anticipated returns and could expose us to operational, competitive, and reputational risks that may adversely affect our operations.

We currently use AI in our business primarily with a focus on driving operational efficiencies for greater productivity, including in customer service, internal operations and network management, and we continue to expand our exploration of such capabilities. We also offer our customers the ability to integrate certain AI technologies developed by third parties into certain of our offerings, and this integration capability is a prominent feature of our Maestro offering. Certain other features of our products are also supported by third-party AI technologies. Certain capabilities within our products incorporate agentic AI (systems that autonomously execute multi-step tasks with reduced human intervention). The deployment of such agentic AI introduces risks that are distinct from those of traditional AI features, including risks of unintended or unauthorized actions, overstepping its intended boundaries, or straying from their original business goals.

Our competitors or other third parties may incorporate AI into their products and offerings, or use AI to gain internal efficiencies, more quickly or more successfully than us. The failure to differentiate our offerings by incorporating AI features that our customers want or to realize operational efficiencies could impair our ability to compete effectively and adversely affect our business, reputation and results of operations.

As with many developing technologies, AI presents risks and challenges, and may result in unintended consequences that could affect its further development, adoption, and use, and therefore our business. Deficiencies or other failures of AI systems could subject us to competitive harm, cybersecurity events, regulatory action, penalties, legal liability, or brand or reputational harm. Further, our customers may fail to provide adequate notice, collect consent, or otherwise fail to comply with applicable legal frameworks in their use of our products and services, or integrated AI products and services, which may subject us to regulatory action, private rights of action, legal liability, or brand or reputational harm.

The algorithms or training methodologies used in the AI we use or offer may be flawed. Datasets may be overly broad, insufficient, or contain inappropriately biased information. Generative AI may also generate outputs that are inaccurate, misleading, harmful, or otherwise flawed. This may happen if the inputs that the model relied on were inaccurate, incomplete, or flawed (including if a bad actor “poisons” the model with bad inputs or logic), or if the logic of the algorithm is flawed (a so-called “hallucination”). Our customers or others may rely on or use such outputs to their detriment, or it may lead to adverse outcomes, which may expose us to brand or reputational harm, competitive harm, and/or legal liability. Finally, if we enable or offer services or technologies that draw scrutiny or controversy, we may experience brand or reputational harm, competitive harm, and/or legal liability.

The rapidly evolving legal and regulatory landscape governing AI may impose significant compliance costs, restrict our use of AI, or expose us to liability, and our failure to anticipate or respond to these developments could adversely affect our operations.

AI is an emerging technology for which the legal and regulatory landscape is evolving rapidly, which may result in new or enhanced governmental or regulatory scrutiny, litigation, confidentiality, privacy, intellectual property or security risks, ethical concerns, legal liability or other complications that could adversely affect our business, reputation and financial results. Laws and regulations applicable to AI are emerging and evolving, and the ultimate legal framework remains uncertain and may be inconsistent from jurisdiction to jurisdiction, including internationally. For example, we expect increased global regulation in the use of AI such as the European Union Artificial Intelligence Act, which imposes onerous obligations related to the development, placement on the market, and use of AI systems. We may not always be able to anticipate how to respond to these legal frameworks, and our obligation to comply with the laws and regulations could entail significant costs, negatively affect our business, or entirely limit our ability to incorporate certain AI capabilities into our offerings. If we cannot use AI or if that use is restricted, our business may be less efficient or we may be at a competitive disadvantage.

In particular, there is significant uncertainty surrounding the applications of intellectual property and privacy laws to AI. Intellectual property ownership and license rights, including copyright, surrounding AI technology have not been fully addressed by courts or other federal or state laws or regulations, and our use of AI or incorporation of AI into our offerings may result in disputes with respect to ownership or intellectual property, or exposure to claims of copyright or other intellectual property misappropriation. In addition, AI may involve the processing of personal and other sensitive data and may be subject to laws, policies, legal obligations, and contractual requirements related to privacy, data protection, and information security. Certain privacy laws extend rights to consumers (such as the right to obtain consent or delete certain personal data) and regulate automated decision making. An alleged or actual failure to meet these obligations may lead to regulatory investigations and fines or penalties; may require us to change our business practices or retrain our algorithms; or may prevent or limit our use of AI. It is also possible that we could be held liable for intellectual property, privacy, or other legal violations of third-party AI that we use, and that we may not have full recourse for any damages that we suffer (for example, our use of third-party AI may be subject to limitations of liability or provide no liability coverage (e.g., free or open-source technology)).

In addition, our public statements, investor presentations, and marketing materials regarding our AI capabilities in our products may be subject to heightened scrutiny by the SEC, investors, or plaintiffs who may allege that our representations were inaccurate or misleading. Any perceived gap between our stated AI capabilities and the operational reality of our products could expose us to regulatory investigations, securities litigation, or reputational harm.

The use of AI by our workforce may present risks to our business.

Our workforce uses AI technologies in connection with certain business functions, and we have policies governing their authorized use. Nevertheless, employees may use unauthorized or ungoverned AI applications outside of established governance and security controls, resulting in sensitive customer or business data being transmitted to third-party platforms in ways that are inconsistent with our privacy and data protection obligations. Our ability to mitigate these risks depends on our continued training, monitoring, and enforcement of policies governing employee AI use.

As we continue to expand our services geographically and otherwise, we may experience difficulties in maintaining our corporate culture, operational infrastructure and management, and our business, results of operations and financial condition could be adversely affected.

We have experienced substantial expansion in our business, including internationally through our acquisition of Voxbone in late 2020. We believe that our corporate culture has been a critical component of our success. We have invested substantial time and resources in building our team and nurturing our culture. As we further expand our business and continue to grow internationally, we may find it difficult to maintain our corporate culture. Any management of organizational changes in a manner that fails to preserve the key aspects of our culture could hurt our chance for future success, including our ability to recruit and retain personnel, and effectively focus on and pursue our corporate objectives.

In addition, our organizational structure has become more complex. In order to manage these increasing complexities, we will need to continue to scale and adapt our operational, financial and management controls, and our reporting systems and procedures. The expansion or, if we deem appropriate, consolidation of our systems and infrastructure will require us to commit substantial financial, operational and management resources before our revenue increases and without any assurances that our revenue will increase. This expansion or consolidation could strain our ability to maintain reliable service levels for our customers.

If we are unable to effectively maintain our corporate culture or fail to achieve the necessary level of efficiency in our organization as we grow, then our business, results of operations and financial condition could be adversely affected.

Our pricing and billing systems are complex, and errors could adversely affect our results of operations.

Our pricing and billing systems are complex to develop and challenging to implement. To be profitable, we must have accurate and complete information about the costs associated with voice and messaging, and properly incorporate such information into our pricing model. Our pricing model must also reflect accurate and current information about the market for our services, including the pricing of competitive alternatives for our services, as well as reliable forecasts of traffic volume. We may determine pricing for our services based on data that is outdated or otherwise flawed. Even if we have complete and accurate market information, we may not set prices that optimize both revenue and profitability. If we price our services too high, the amount of traffic that our customers may route to our network may decrease and accordingly our revenue may decline. If we price our services too low, our margins may be adversely affected, which will reduce our ability to achieve and maintain profitability.

Additionally, we rely on third parties to provide us with key software and services for our billing. If these third parties cease to provide those services to us for any reason, or fail to perform billing services accurately and completely, we may not be able to deliver accurate invoices promptly. Delays in invoicing can lead to delays in revenue recognition, and inaccuracies in our billing could result in lost revenue. If we fail to adapt quickly and effectively to changes affecting our costs, pricing and billing, our profitability and cash flow will be adversely affected.

We must continue to develop effective business support systems to implement customer orders and to provide and bill our customers for services.

We depend on our ability to continue to develop effective business support systems. This complicated undertaking requires significant resources and expertise and support from third-party vendors. Following the development of the business support systems, the data migration must be completed for the full benefit of the systems to be realized. Business support systems are needed for:

- quoting, accepting and inputting customer orders for services;
- provisioning, installing and delivering services;
- providing customers with direct access to the information systems included in our communications platform so that they can manage the services they purchase from us, generally through web-based customer portals; and
- billing for services.

If we are unable to develop, maintain, and scale these systems effectively, or if data migration or integration efforts fail or are significantly delayed, we may experience errors or delays in processing orders, provisioning services, providing customers with accurate information about their services, or supporting billing activities. Any such issues could negatively affect customer satisfaction, increase our costs and harm our business, results of operations and financial condition.

If we are not able to maintain and enhance our brand and increase market awareness of our company and services, then our business, results of operations and financial condition may be adversely affected.

We believe that maintaining and enhancing our brand identity and increasing market awareness of our company and services are critical to achieving widespread acceptance of our company and our communications platform, strengthening our relationships with our existing customers, and attracting new customers. The successful promotion of our brand depends largely on our continued marketing efforts, our ability to continue to offer high quality services meeting the evolving needs of existing and prospective customers, and our ability to successfully differentiate our services from competing products and services. Our brand promotion activities may not be successful or yield increased revenue. In addition, independent industry analysts often provide reviews of our services and competing products and services, which may significantly influence the perception of our services in the marketplace. If these reviews are negative or not as strong as reviews of our competitors' services, then our brand may be harmed.

From time to time, we have received customer complaints about our services, including with respect to pricing, customer support, unwanted traffic and disruption to, or outage of, our services. If we do not handle customer complaints effectively, then our brand and reputation may suffer, our customers may lose confidence in us and they may reduce or cease their use of our services. In addition, social media has become a widespread method by which consumers communicate about products and services they purchase, including our services and communications platform. Our ability to generate positive customer feedback and address or minimize negative feedback on social media channels where existing and potential customers seek and share information is important to our brand and reputation. Complaints or negative publicity about us, our services or our communications platform could materially and adversely affect our ability to attract and retain customers, our business, results of operations and financial condition.

The promotion of our brand also requires us to make substantial expenditures, and we anticipate that these expenditures will increase as our market becomes more competitive and as we expand into new markets. To the extent that these activities increase revenue, this revenue still may not be enough to offset the increased expenses we incur. If we do not successfully maintain and enhance our brand, then our business may not grow, we may see our pricing power reduced relative to competitors and we may lose customers, all of which would adversely affect our business, results of operations and financial condition.

Any failure to deliver and maintain high-quality customer support may adversely affect our relationships with our customers and prospective customers, and could adversely affect our reputation, business, results of operations and financial condition.

Many of our customers depend on our customer support team to help them deploy or use our services effectively, to help them resolve post-deployment issues quickly and to provide ongoing support. If we do not devote sufficient resources to, or are otherwise unsuccessful in, assisting our customers effectively, it could adversely affect our ability to retain existing customers and could prevent prospective customers from adopting our services. We may be unable to respond quickly enough to accommodate short-term increases in demand for customer support. We also may be unable to modify the nature, scope and delivery of our customer support to compete with changes in the support services provided by our competitors. Increased demand for customer support, without corresponding revenue, could increase costs. Our sales are highly dependent on our business reputation and on positive recommendations from existing customers. Any failure to deliver and maintain high-quality customer support, or a market perception that we do not maintain high-quality customer support, could adversely affect our reputation, business, results of operations and financial condition.

We operate internationally, which exposes us to risks that are incremental to those experienced by a company operating only domestically.

We have expanded our international operations, including through the deployment of data centers in certain locations outside of the U.S. and our acquisition of Voxbone in late 2020. As part of our growth strategy, we will continue to evaluate potential opportunities for further international expansion.

Operating in international markets requires significant resources and management attention, and subjects us to legal, regulatory, economic and political risks in addition to those we face in the United States. Our experience with international operations is more limited than our domestic experience, and further international expansion efforts may not be successful.

In particular, we face risks in doing business internationally that could adversely affect our business, including:

- exposure to international political developments that may cause instability for businesses and volatility in global financial markets and the value of foreign currencies, any of which could disrupt trade and the sale of our services in international markets;
- difficulties in managing and staffing international operations, including difficulties related to the increased operations, travel, infrastructure, employee attrition and legal compliance costs associated with numerous international locations;
- our ability to effectively price our products in competitive international markets;
- new and different sources of competition;
- costs associated with network service providers outside of the United States;
- the need to adapt and localize our products for specific countries.
- challenges in keeping abreast of, understanding and complying with local laws, regulations and customs in multiple foreign jurisdictions, particularly in the areas of telecommunications, data privacy and security, and artificial intelligence;
- complexities related to differing technical standards, certification requirements and audit requirements outside the United States, which could prevent customers from deploying our products or limit their usage;
- international trade policies, tariffs and other non-tariff barriers, such as quotas;
- more limited protection for intellectual property rights in some countries;
- adverse consequences relating to the complexity of operating in multiple international jurisdictions with differing tax frameworks;

- fluctuations in currency exchange rates, which could increase the price of our products outside of the United States, increase the expenses of our international operations and expose us to foreign currency exchange rate risk;
- currency control regulations, which might restrict or prohibit our conversion of other currencies into U.S. dollars;
- restrictions on the transfer of funds from or between international jurisdictions;
- deterioration of political relations between the United States and other countries;
- public health epidemics, such as COVID-19, or natural disasters, which could have an adverse impact on our employees, contractors, customers, partners, travel and the global economy;
- political or social unrest, acts of war or economic instability in a specific country or region in which we operate, which could have an adverse impact on our operations in that location; and
- exposure to geopolitical conflicts and related government actions, such as the military conflict between Russia and Ukraine and the United States-Israel and Iran conflict, continued or expanded conflict in those regions, or similar conflicts in other regions, could disrupt our operations in affected areas (including locations such as our office in Romania), impact customer demand or cause broader volatility in global markets.

In addition, due to potential costs from our international expansion efforts and network service provider fees outside of the United States, our gross margin for international customers may be lower than our gross margin for domestic customers. As a result, our overall gross margin may fluctuate as we further expand our operations and customer base internationally.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, results of operations and financial condition.

A significant portion of our revenue is concentrated in a limited number of large customers.

A significant portion of our revenue is concentrated among a limited number of large customers. If we lost several of our top ten customers, or, if several of these major customers significantly decreased their usage of our services, our business would be materially and adversely affected.

Attacks on or breaches of our networks or systems, or those of third parties upon which we rely, could degrade our ability to conduct our business, compromise the integrity of our services and our communications platform, result in service degradation or outages, significant data losses, the theft of our intellectual property, investigations and fines by government agencies and damage to our reputation, and could expose us to liability to third parties and require us to incur significant additional costs to maintain the security of our networks and data.

Our communications platform processes, stores, and transmits our own sensitive data as well as customers' and partners' proprietary, confidential, and sensitive data, such as personal information, protected health information, and financial data. We are a target of threat actors seeking unauthorized access to our or our customers' or third-party service providers' systems or data or to disrupt our operations or ability to provide our services.

We also use third-party service providers, sub-processors, and technology to help us deliver services to our customers and their end-users, as well as for our internal business operations. These third-party providers may process, store, or transmit data of our employees, partners, customers, and customers' end-users or may otherwise be used to help operate our technology. Some of this third-party technology, including open-source software, could be used as an attack vector. Even though we may not control the security measures of these vendors, we may be responsible for any breach of such measures.

Cyber-attacks, including through the use of malware, computer viruses, distributed denial of service (“DDoS”) attacks, credential harvesting and other means for obtaining unauthorized access to or disrupting the operation of our networks and systems and those of our suppliers, vendors and other service providers, could cause harm to our business, including by misappropriating our proprietary information or that of our customers, employees and business partners or to cause interruptions of our services and our communications platform. Cyber-attacks may cause service degradation or outages, equipment failures, loss of information, including sensitive personal information of customers or employees or valuable technical and marketing information, as well as disruptions to our or our customers’ operations. Cyber-attacks against companies have increased in frequency, scope and potential harm in recent years. Further, the perpetrators of cyber-attacks are not restricted to particular groups or persons. These attacks may be committed by company employees or external actors operating in any geography, including jurisdictions where law enforcement measures to address such attacks are unavailable or ineffective, and may even be launched by or at the behest of nation-states.

We use AI technologies internally, and we also have incorporated AI-powered features into certain of our solutions and may continue to do so in the future. The integration of AI models and large data sets into our products and internal systems, including those provided by third parties, may heighten our exposure to cyber-attacks, data breaches, misuse of our data and other security incidents. In addition, AI technologies may be used in connection with cyber-attacks, which may increase in sophistication, frequency or speed of such attacks and, in turn, make them more difficult to detect or mitigate.

Despite our efforts to reduce the risks associated with cyber-attacks, including the implementation of a number of defensive measures and protocols designed to protect our systems and networks, there can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information, and such efforts may be insufficient to repel or mitigate the effects of a major cyber-attack. Cybersecurity events, like the DDoS attack we experienced in late 2021, may have cascading effects that unfold over time and result in additional costs, including costs associated with defensive measures, investigations, contractual claims, performance penalties, litigation, the loss of future business and other losses and liabilities that may be difficult to foresee. Any perception by existing and prospective customers that our network and systems are not secure could result in a material loss of business and revenue and damage our reputation. We will continue to deploy security enhancements in an effort to further secure our network.

The techniques used by individuals or entities to access, disrupt or sabotage devices, systems and networks change frequently and may not be recognized until launched against a target. We may be unable to anticipate these techniques, and we may not become aware in a timely manner of a security breach, which could exacerbate the negative impact of such an event on our business or that of our customers. Additionally, we depend upon our employees and contractors to appropriately handle confidential and sensitive data, including customer data and customer proprietary network information pursuant to applicable federal law, and to deploy our IT resources in a safe and secure manner that does not expose our network systems to security breaches or the loss of data. Any data security incidents, including inadvertent disclosure or internal malfeasance by our employees, unauthorized access or usage, virus or similar breach or disruption of us or our services providers, could result in a loss of confidential information, theft of our intellectual property, damage to our reputation, loss of customers, litigation, regulatory investigations, fines, penalties and other liabilities.

Our existing general liability and cyber liability insurance policies may not cover, or may cover only a portion of, any potential claims related to cyber incidents or security breaches that we experience or may not be adequate to indemnify us for all or any portion of liabilities that may be imposed. As insurance claims hit record levels and new cyber insurance legislation is introduced in the United States, we also cannot be certain that our existing insurance coverage will continue to be available on acceptable terms or in amounts sufficient to cover the potentially significant losses that may result from a security incident or breach or that the insurer will not deny coverage of any future claim. Many global insurance carriers now exclude coverage for attacks carried out by nation-states from their cyber insurance policies. Accordingly, if our cybersecurity measures and those of our service providers fail to protect against unauthorized access, attacks (which may include sophisticated cyber-attacks) and the mishandling of data by our employees and contractors, then our reputation, business, results of operations and financial condition could be adversely affected.

We are currently subject to litigation related to taxes and charges associated with our provision of 911 services, which could divert management's attention and adversely affect our results of operations.

We, along with many other communications service providers, are subject to litigation regarding our billing, collection and remittance of non-income-based taxes and other similar charges regarding 911 services alleged to apply in certain states, counties, and municipalities located in California and Illinois. See "Part II, Item 1. Legal Proceedings," in this Quarterly Report on Form 10-Q. We may face similar litigation in other jurisdictions in the future. While we are vigorously defending these lawsuits, litigation is inherently uncertain. Tax assessments, penalties and interest or future requirements arising from these lawsuits, the settlement of any such lawsuit or any other lawsuits that may arise in other jurisdictions, may adversely affect our business, results of operations and financial condition. We have also filed a lawsuit against the city of San Francisco with respect to its assessment of certain 911-related taxes and charges.

We face a risk of litigation and/or regulatory enforcement actions resulting from customer or end user misuse of our services and software to make or send unauthorized and/or unsolicited calls and/or messages, including those in violation of the Telephone Consumer Protection Act of 1991 (the "TCPA"), the Telemarketing Sales Rule (the "TSR"), and other state and federal laws. Customer or end user misuse of our services and software also could damage our reputation.

Calls and/or text messages originated or passed to us by our customers may subject us to potential risks, including litigation, civil liability, regulatory enforcement actions, fines, and reputational damage. For example, the TCPA restricts telemarketing and the use of technologies that enable automatic calling and/or messaging without proper customer consent. In addition, the TSR prohibits deceptive and abusive telemarketing practices. The TSR, which is enforced by the FTC, makes it unlawful for any person or entity to "provide substantial assistance or support to any seller or telemarketer when that person knows or consciously avoids knowing that the seller or telemarketer is engaged in any act or practice" that violates the TSR.

The misuse of our offerings by our customers, or customers of our customers, may result in civil claims and/or agency enforcement actions against us, including those arising due to misuse of our platform or offerings, and requests for information through third-party subpoenas or regulatory investigations. For example, we have received correspondence from the FTC relating to customers using our network to transit "robocall" traffic. We have received similar correspondence from the FCC relating to our role as a gateway provider. Additionally, we are in regular communication with numerous state attorneys general regarding efforts to curb illegal robocalling. Internationally, we also may become subject to similar laws imposing limitations on marketing calls to wireline and wireless numbers. The scope and interpretation of the laws and regulations that are or may be applicable to the making and/or delivery of calls and/or messages are continuously evolving and developing. If we do not comply with these laws or regulations, or if we become liable under these laws or regulations due to the failure of our customers to comply with these laws by taking mandatory actions such as obtaining proper customer consent, we could become subject to costly lawsuits, fines, civil penalties, potentially significant statutory damages, consent decrees, injunctions, adverse publicity, loss of user confidence in our services, loss of users and other adverse consequences, which could materially harm our business.

Some of our customers, or customers of our customers, may use our platform to transmit illegal, offensive, unsolicited and/or unauthorized calls and messages, including spam, phishing scams, and links to harmful applications. Some of our customers also may reproduce and distribute copyrighted material or the trademarks of others without permission. Such actions violate our practices and policies, including our Acceptable Use Policy, which applies to all customers. We generally complete considerable “know-your-customer” reviews before a customer, and in certain jurisdictions, an end user, can use our platform, although we cannot always conduct proactive audits of our customers thereafter to confirm compliance with our practices and policies, including our Acceptable Use Policy. We generally rely on our customers’ contractual representations to us that their use of our platform will comply with applicable law and our practices and policies. In cases where our customers are reselling our services, we are relying on a contractual pass-through by our customers of similar contractual representations from their end users. We also generally evaluate complaints that we receive regarding our customers’ use of our platform. Our substantial efforts will not prevent all illegal robocalls and other fraudulent activity. The unlawful or fraudulent use of our platform could subject us to claims for damages, copyright or trademark infringement, regulatory enforcement, fraud, or negligence or damage our reputation. Even if claims asserted against us do not result in liability, we may incur substantial costs to investigate and defend such claims. If we are found to be liable for our customers’ activities, we could be required to pay fines or penalties, redesign our business methods, limit our provision of certain services or otherwise expend resources to remedy any damages caused by such actions and avoid future liability.

We are also subject to litigation in the ordinary course of business, and uninsured judgments or a rise in insurance premiums may adversely affect our results of operations.

In the ordinary course of business, we are subject to various claims and litigation. Any such claims, regardless of merit, could be time-consuming and expensive to defend and could divert management’s attention and resources. In accordance with customary practice, we maintain insurance against some, but not all, of these potential claims. We may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the risks presented. The levels of insurance we maintain may not be adequate to fully cover any and all losses or liabilities. Further, we may not be able to maintain insurance at commercially acceptable premium levels or at all. If any significant judgment, claim (or a series of claims), a settlement or other event is not fully insured or indemnified against, it could have a material adverse impact on our business, financial condition and results of operations. There can be no assurance as to the actual amount of these liabilities or the timing thereof. We cannot be certain that the outcome of current or future litigation will not have a material adverse impact on our business and results of operations. See “Part II, Item 1. Legal Proceedings,” in this Quarterly Report on Form 10-Q.

The communications industry faces significant regulatory uncertainties and the resolution of these uncertainties could harm our business, results of operations and financial condition.

If current or future regulations change, the FCC, state or local regulators or regulators in jurisdictions abroad may not grant us required regulatory authorizations or may take action against us if they determine we have provided services without obtaining the necessary authorizations or that we have violated other requirements of their rules and orders. Delays in receiving required regulatory approvals or the enactment of new adverse or burdensome regulation or regulatory requirements may slow our growth and have a material adverse effect on our business, results of operations and financial condition.

In addition, *Loper Bright Enterprises v. Raimondo* and other U.S. Supreme Court cases such as *Corner Post, Inc. v. Board of Governors of the Federal Reserve System* and *Securities and Exchange Commission v. Jarkesy* may introduce additional uncertainty into the U.S. regulatory process and result in additional challenges to actions taken by federal regulatory agencies. For example, in January 2025, the U.S. Court of Appeals for the Eleventh Circuit vacated the FCC’s “One-to-One Consent Rule”. The court, citing *Loper Bright*, found that the FCC exceeded its statutory authority under the TCPA by imposing the new consent restrictions.

Proceedings before the FCC or regulators from international jurisdictions could limit our access to various network services or further increase the rates we must pay for such services. For example, a proposed proceeding before the FCC as of February 2026 could result in a change in the amount we pay to other carriers or a reduction in the revenue we derive from other carriers in, or retroactive liability for, access charges and reciprocal compensation. A number of states also have proceedings pending that could impact our access to and the rates we pay for network services. Other state proceedings could limit our pricing and billing flexibility. Other recent proceedings before the FCC have produced new rules in the areas of IP Interconnection, cybersecurity compliance, emergency services, robocalling and robotexting, and others that could result in increases in the cost of regulatory compliance. For example, the FCC continues to examine how to improve the delivery of emergency 911 services and whether to expand requirements to include communications services not currently subject to emergency calling obligations. As of March 25, 2025, providers must work with 911 authorities to establish NG911 connectivity within tight timelines as NG911 authorities declare readiness, and this process is often different from one 911 authority to the next and can create complexity and resource burdens. As of April 15, 2025, providers are required to provide a 911 outage notification to a potentially affected 911 special facility within 30 minutes of discovering such an outage. Conversely, the continued lack of regulatory certainty in the messaging ecosystem and marketplace has created considerable operational challenges that increase our operating costs and ability to support these services.

In addition, congressional legislative efforts to rewrite the Telecommunications Act of 1996 or enact other legislation impacting our operations, including but not limited to, legislation focused around issues of telecommunications, cybersecurity, and AI, as well as various state legislative initiatives, may cause major industry and regulatory changes. We cannot predict the outcome of these proceedings or legislative initiatives or the effects, if any, that these proceedings or legislative initiatives may have on our business and operations. Our business would be substantially impaired if the FCC, the courts, state commissions, or interconnected carriers eliminated our access to the facilities and services we use to serve our customers, substantially increased the rates we pay for facilities and services, increased the costs or complexity associated with providing emergency 911 services or adversely affected the revenue we receive from other carriers or our customers.

While we believe we comply in all material respects with all material federal, state, local and international rules and regulations, these regulations are subject to interpretation and the relevant regulators may determine that our application of these rules and regulations is not consistent with their interpretation. Additionally, third parties or government agencies may bring action with federal, state, local or international regulators if they believe a provider has breached applicable rules and regulations.

The effects of either increased or decreased regulation of IP-based services are unknown.

While the FCC has generally subjected IP-based services in the United States to less stringent regulatory oversight than traditional telecommunications, the FCC has imposed certain regulatory obligations on providers of interconnected and non-interconnected VoIP services, including the obligations to contribute to the Universal Service Fund, to provide 911 services, and to comply with the Communications Assistance for Law Enforcement Act. The TRACED Act aims to mitigate illegal robocalls by directing the FCC to conduct certain rulemaking proceedings that include adopting rules that require participation in the technical standard known as STIR/SHAKEN, among other requirements. While additional countries have adopted or are expected to adopt the STIR/SHAKEN framework, other countries may seek to impose alternative regulatory obligations in an effort to mitigate illegal robocalling and such a fragmented country-by-country approach could increase operational costs and potentially prevent us from expanding to, or continuing to provide services in, certain jurisdictions.

Noncompliance with applicable FCC, FTC, state public utility corporation or other regulations or requirements could subject us to investigations, sanctions, enforcement actions, fines, consent decrees or other collateral consequences. If any governmental sanctions or fines are imposed, our business, results of operations, and financial condition could be materially adversely affected. In addition, responding to any governmental action will likely result in a diversion of management's attention and resources and an increase in professional fees.

Our operations are subject to significant regulation and require us to obtain and maintain numerous governmental licenses and permits in the United States and internationally. If we fail to obtain and maintain those licenses and permits, we may not be able to conduct our business. Moreover, changes in regulatory requirements could significantly increase our costs or otherwise adversely affect our operations.

In the ordinary course of operating our network and providing our services, we must obtain and maintain a variety of telecommunications and other licenses, permits and authorizations. We also must comply with a variety of ongoing regulatory obligations. If we are unable to obtain and maintain the licenses and permits needed to operate and expand our network on acceptable terms and on a timely basis, our business could be materially adversely affected. In addition, the cancellation or non-renewal of the licenses or permits we hold could materially adversely affect our business. Our failure to comply with the obligations imposed upon license and permit holders, including the payment of fees or the filing of required reports, may cause sanctions or additional costs, including the revocation of authority to provide services.

Our operations are subject to regulation at the regional bloc (e.g., the European Union), country, state and local levels. Changes to existing regulations or rules, or the failure of regulatory agencies to regulate in areas historically regulated on matters such as network neutrality, licensing fees, environmental, health and safety, privacy, intercarrier compensation, emergency services, interconnection, illegal robocalling, extraterritorial use of telephone numbers, cybersecurity, AI and other areas, in general or particular to our industry, may increase uncertainty and costs and restrict operations or decrease revenue.

Our inability or failure to comply with communications and other laws and regulations that impact our business model and overall position in the marketplace could cause the temporary or permanent suspension of our operations. For example, we have received correspondence from the FCC relating to traffic transmitted by us as a gateway provider on behalf of overseas providers. Under FCC rules, gateway providers must take reasonable and effective steps to ensure that any foreign originating or intermediate providers are not using a gateway provider to carry or process a high volume of illegal traffic onto U.S. networks. Any failure to abide by these rules may result in enforcement action, up to and including an order from the FCC directing voice providers to block traffic from an identified gateway provider.

In addition, if we cannot provide emergency calling functionality through our communications platform to meet applicable federal, state, local or international requirements, the competitive advantages that we have may not persist, adversely affecting our ability to obtain and to retain enterprise customers which could have an adverse impact on our business.

We are subject to communications laws and regulations in the non-U.S. countries where we offer our services. Numerous country-specific laws and governmental regulations apply to our business and may increase our costs, impact our products and communications platform or prevent us from offering or providing our products in certain countries. Many existing non-U.S. laws and regulations may not fully contemplate CPaaS solutions and the interpretation and enforcement of non-U.S. laws and regulations may involve significant uncertainties. For example, several European countries have adopted “know your customer” requirements regarding end users and have mandated the real-time provisioning of data to national law enforcement authorities’ systems.

Our business is subject to complex and evolving laws and regulations, commercial standards, contractual obligations and other requirements related to information collection.

We are subject to various federal, state, local and foreign laws and regulations, contractual commitments and industry standards that create obligations and impose restrictions with respect to the collection, storage, retention, use, processing, transmission, sharing, disclosure and protection of personal data and other customer data, including “customer proprietary network information” as defined in applicable U.S. laws. We must comply with these obligations and restrictions and may be subject to significant consequences, including penalties and fines, if we fail to comply. These obligations and restrictions continue to develop and evolve rapidly, and it is possible that we may not be, or may not have been, compliant with each such obligation and restriction.

The complexity and evolving nature of these obligations and restrictions subject us to the risk of differing interpretations, inconsistency or conflicts among countries or rules, and creates uncertainty regarding their application to our business. Uncertainty and changes in the requirements of multiple jurisdictions may increase the cost of compliance, delay or reduce demand for our services, restrict our ability to offer services in certain locations, impact our customers' ability to utilize our services in certain jurisdictions, or subject us to sanctions by national data protection regulators, all of which could harm our business, financial condition and results of operations.

These obligations and restrictions may limit our ability to collect, store, process, use, transmit and share data with our customers, employees, consultants and third-party providers, which may result in our inability in certain cases to provide services to our customers or to offer a global customer experience. These obligations may also limit the ability of our customers to collect, store, retain, protect, use, process, transmit, share and disclose data with others through our services. Compliance with, and other burdens imposed by, such obligations and restrictions could increase the cost of our operations and adversely impact our business.

Any failure to comply with these obligations and restrictions or our own posted privacy policies and notices, or any security incident that results in a personal data breach or the unauthorized access to, or the acquisition, release or transfer of, other customer data, could subject us to investigations, proceedings or actions against us by governmental entities or others, lawsuits, fines, criminal penalties, statutory damages, consent decrees, injunctions, adverse publicity, contractual liability, civil liabilities, loss of customer confidence, damage to our brand and reputation or a loss of customers, any of which could materially harm our business.

If we were to suffer or if one of our customers or vendors were to suffer a personal data breach or other security incident, we may be subject to the jurisdiction of a variety of governmental agencies. We may have to comply with a variety of data breach requirements at the national and state levels in the United States and in other countries, comply with any resulting investigations, as well as offer mitigation to customers and potential end users of certain customers to which we provide services. We could also be subject to fines, forfeitures and other penalties that may adversely impact our business.

From time to time, various federal, state and foreign legislative or regulatory bodies may enact new or additional laws and regulations concerning data-protection issues. For example, certain laws or regulations may mandate disclosure of customer information to domestic or international law enforcement bodies, which could adversely impact our business, our brand or our reputation with customers and may not always provide a level of protection for such information that is required by other laws or regulations. In other cases, some countries may limit the transfer of personal data or require that that personal data regarding customers in their country be maintained solely in their country. Having to maintain local data centers and redesign product, service and business operations to limit, within an individual country, the processing of personal data could increase our operating costs significantly.

Additionally, some of our third-party vendors may have access to customer, end user or employee data. If these third-party vendors violate obligations and restrictions related to applicable data protection laws or our policies or contractual commitments, such violations may also put us, or data relating to our customers, end users or employees, at risk and could in turn have a material and adverse effect on our business.

Our business could suffer if we cannot obtain or retain numbering resources or are significantly limited with how numbers may be distributed to customers.

Our future success depends on our ability to procure numbering resources to meet customer demands at reasonable cost and without undue restrictions. Our ability to procure and distribute numbers may depend on factors outside of our control, such as regulations, the practices of the communications carriers that provide numbers to us in certain jurisdictions, the cost of obtaining and managing numbers and the level of demand for new numbers. Certain popular area code prefixes and specialized numbers have limited availability, and we may not be able to obtain those prefixes and specialized numbers in desired quantities. Our inability to acquire or retain such numbers would make our services, including our communications platform, less attractive to potential customers that desire

assignments of particular numbering resources. If we are not able to obtain or retain adequate inventory of numbering resources, our business, results of operations and financial condition could be materially adversely affected.

In addition, in order to procure, distribute and retain telephone numbers in certain foreign jurisdictions, we will be required to register with the local telecommunications regulatory authorities, some of which have been increasingly monitoring and regulating the categories of phone numbers that are eligible for provisioning to our customers, including geographical, regional, local and toll-free phone numbers. We have obtained telecommunications regulatory licenses or are obtaining those licenses in various countries in which we do business, but in some countries, the regulatory regime around provisioning of phone numbers is unclear, subject to change, and may conflict from jurisdiction to jurisdiction. Furthermore, these regulations and government-specific approaches to their enforcement, as well as our products and services, are evolving and we may be unable to maintain compliance with applicable regulations, or enforce compliance by our customers, on a timely basis or without significant or prohibitive cost. Also, compliance with these regulations may require changes in products or business practices that result in reduced revenue. If we or our customers use or assign phone numbers in these countries in a manner that violates applicable rules and regulations, we may also be subject to significant penalties or governmental action, including government-initiated audits and, in extreme cases, may be precluded from doing business in that particular country. In the event of non-compliance, we may be forced to reclaim phone numbers from our customers, which could result in loss of customers, breach of contract claims, loss of revenue and reputational harm, all of which could have a material adverse effect on our business, results of operations and financial condition.

We may be exposed to liabilities under anti-corruption, export control and economic sanction regulations, and similar laws and regulations, and any determination that we violated any of these laws or regulations could have a material adverse effect on our business.

We are subject to the Foreign Corrupt Practices Act (“FCPA”), the U.K. Bribery Act and other laws that prohibit improper payments or offers of payments to foreign governments and their officials, political parties, and/or private parties by persons and entities for the purpose of obtaining or retaining business. Our international activities create the risk of unauthorized payments or offers of payments by one of our employees or consultants, even though these parties are not always subject to our control. Our policies prohibit these practices by our employees and consultants and we regularly require Company-wide training on these issues, although our existing safeguards and any future improvements may prove to be less than effective, and our employees or consultants may engage in conduct for which we might be held responsible. Violations of the FCPA, the U.K. Bribery Act or other laws may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results, and financial condition.

Our products and services may be subject to export control and economic sanctions regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations and various economic and trade sanctions regulations administered by the U.S. Treasury Department’s Office of Foreign Assets Control. Our products and services must be offered and sold in compliance with these laws and regulations. If we do not comply with these laws or regulations or if we become liable under these laws or regulations due to the failure of our customers to comply with these laws by obtaining proper consent, we could face liability. In addition, changes in our products or services, changes in applicable regulations, or change in the target of such regulations, could also result in decreased use of our products and services, or in our decreased ability to sell our products or provide our services to existing or prospective customers with international operations. Any decreased use of our products and services or limitation on our ability to export our products and provide our services could adversely affect our business, results of operations and financial condition.

Intellectual property and proprietary rights of others could prevent us from using necessary technology to provide our services or subject us to expensive intellectual property litigation.

If the technology we require to provide our services or expand the features we offer, including our communications platform, were determined by a court to infringe a patent held by another entity that refuses to grant us a license on terms acceptable to us, we could be precluded by a court order from using that technology and we would likely be required to pay significant monetary damages to the patent holder. The successful enforcement of these patents, or our inability to negotiate a license for these patents on acceptable terms, could force us to cease using the relevant technology and discontinue offering services incorporating the technology. If a claim of infringement were brought against us based on the use of our technology or against our customers based on their use of our services for which we are obligated to indemnify, we could be subject to litigation to determine whether such use or sale is, in fact, infringing. This litigation could be expensive and distracting, regardless of the outcome.

While our own limited patent portfolio may deter other operating companies from bringing such actions, patent infringement claims may also be asserted by patent holding companies, which do not use technology and whose sole business is to enforce patents against operators, such as us, for monetary gain. Because such patent holding companies, commonly referred to as patent “trolls,” do not provide services or use technology, the assertion of our own patents by way of counter-claim would be largely ineffective.

Our use of open source software could negatively affect our ability to sell our services and subject us to possible litigation.

Our services, including our communications platform, incorporate open source software, and we expect to continue to incorporate open source software in our services in the future. Few of the licenses applicable to open source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our services, including our communications platform. Moreover, although we have implemented policies to regulate the use and incorporation of open source software into our services, we cannot be certain that we have not incorporated open source software in our services in a manner that is inconsistent with such policies.

Our use of AI technologies introduces additional open source licensing risk. AI model training and output generation may involve open source components, and AI-generated outputs may inadvertently reproduce or be derived from open sourced-licensed material in ways that impose unexpected license obligations or expose us to infringement claims. These risks limit our ability to protect certain AI-related intellectual property or commercialize certain AI features.

If we fail to comply with open source licenses, we may be subject to certain requirements, including requirements that we offer our services that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of applicable open source licenses. If an author or other third-party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from generating revenue from customers using services that contained the open source software and required to comply with onerous conditions or restrictions on these services. In any of these events, we and our customers could be required to seek licenses from third parties in order to continue offering our services and to re-engineer our services or discontinue offering our services to customers in the event re-engineering cannot be accomplished on a timely basis. Any of the foregoing could require us to devote additional R&D resources to re-engineer our services, could result in customer dissatisfaction and may adversely affect our business, results of operations and financial condition.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.

Our agreements with customers and other third parties typically include indemnification or other provisions such as service level agreements under which we agree to indemnify or are otherwise liable to them for losses suffered or incurred as a result of claims of intellectual property infringement, service interruptions, damages caused by us to property or persons or other liabilities relating to or arising from our services or platform or other acts or omissions. The term of these contractual provisions often survives termination or expiration of the applicable agreement. Large indemnity payments or damage claims from contractual breach could harm our business, results of operations and financial condition. Although we normally contractually limit our liability with respect to such obligations, we may still incur substantial liability related to them. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other current and prospective customers, reduce demand for our services and adversely affect our business, results of operations and financial condition.

If we fail to protect our internally developed systems, technology and software and our patents and trademarks, we may become involved in costly litigation or our business or brand may be harmed.

Our ability to compete effectively is dependent in large part upon the maintenance and protection of systems and software that we have developed internally, including some systems and software based on open standards. We cannot patent much of the technology that is important to our business. In addition, any pending patent applications may not be granted, and any issued patent that we own may be challenged, narrowed, invalidated or circumvented. To date, we have relied on patent, copyright and trade secret laws, as well as confidentiality procedures and licensing arrangements, to establish and protect our rights to our technology. While we typically enter into confidentiality agreements with our employees, consultants, customers, and vendors in an effort to control access to and distribution of technology, software, documentation and other information, these agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. Despite these precautions, it may be possible for a third-party to copy or otherwise obtain and use our technology without authorization. In addition, others may independently discover trade secrets and proprietary information, and in such cases we could not assert any rights against such party. Policing unauthorized use of our technology is difficult. The steps we take may not prevent misappropriation of the technology we rely on. In addition, effective protection may be unavailable or limited in some jurisdictions outside the United States. Litigation may be necessary in the future to enforce or protect our rights or to determine the validity and scope of the rights of others. That litigation could cause us to incur substantial costs and divert resources away from our daily business, which in turn could adversely affect our business, results of operations and financial condition.

The unlicensed use of our brands by third parties could harm our reputation, cause confusion among our customers or impair our ability to market our services. Accordingly, we have registered trademarks and service marks and have applied for registration of our trademarks and service marks in the United States and certain jurisdictions outside the United States to establish and protect our brand names as part of our intellectual property strategy. The laws of some countries do not protect intellectual property and other proprietary rights to the same extent as the laws of the United States. Our exposure to unauthorized copying, transfer and use of our proprietary technology or information may increase as we expand our international operations. We cannot assure you that our pending or future trademark applications will be approved. Although we anticipate that we would be given an opportunity to respond to any such rejections, we may be unable to overcome any such rejections. In addition, in proceedings before the U.S. Patent and Trademark Office third parties are given an opportunity to oppose pending trademark applications and seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against our trademarks, and our trademarks may not survive such proceedings. In the event that our trademarks are successfully challenged, we could be forced to rebrand our services, which could result in loss of brand name recognition. In the event we discover potential instances of infringement of our brand or trademarks, we will need to spend the time and resources to defend our trademarks, which can include, but is not limited to, actions which could

incur steep business costs such as sending cease & desist letter(s) and pursuing litigation. Moreover, successful opposition to our applications might encourage third parties to make additional oppositions or commence trademark infringement proceedings against us, which could be costly and time consuming to defend against. If we decide to take limited or no action to protect our trademarks, our trademark rights may be diluted and subject to challenge or invalidation, which could materially and adversely affect our brand in the marketplace. Certain of the trademarks we may use may become so well-known by the public that their use becomes generic and they lose trademark protection. Over the long-term, if we are unable to establish name recognition based on our trademark and tradenames, then we may not be able to compete effectively and our business may be adversely affected. Further, we cannot assure you that competitors will not infringe our trademarks or that we will have adequate resources to enforce our trademarks.

We may be liable for the information that content owners or distributors distribute over our network.

The law relating to the liability of private network operators for information carried on or disseminated through their networks remains unsettled. While we disclaim any liability for third-party content in our services agreements, we may become subject to legal claims relating to the content disseminated on our network, even though such content is owned or distributed by our customers or a customer of our customers. For example, lawsuits may be brought against us claiming that material distributed using our network was inaccurate, offensive or violated the law or the rights of others. Claims could also involve matters such as defamation, invasion of privacy and copyright infringement. In addition, the law remains unclear over whether content may be distributed from one jurisdiction, where the content is legal, into another jurisdiction, where it is not. Companies operating private networks have been sued in the past, sometimes successfully, based on the nature of material distributed, even if the content is not owned by the network operator and the network operator has no knowledge of the content or its legality. It is not practical for us to monitor all of the content distributed using our network. We may need to take costly measures to reduce our exposure to these risks or to defend ourselves against such claims, which could adversely affect our results of operations and financial condition.

Third parties may fraudulently obtain access to customer accounts and other personal information, use our services to commit fraud or steal our services, which could damage our reputation, limit our growth or cause us to incur additional expenses.

Our customers have been subject to “phishing,” which occurs when a third party calls or sends an email or text message to a customer that claims to be from a business or organization that provides services to the customer. The purpose of the inquiry is typically to encourage the customer to visit a bogus website designed to look like a website operated by the legitimate business or organization or provide information to the operator. At the bogus website, the operator attempts to trick the customer into divulging customer account or other personal information such as credit card information or to introduce viruses through “Trojan horse” programs to the customers’ computers. This could result in identity theft from our customers and the unauthorized use of our services. Third parties also have used our communications services to commit fraud. If we are unable to detect and prevent “phishing” and other similar methods, use of our services for fraud and similar activities, our brand reputation and growth may suffer and we may incur additional costs, including costs to increase security, or be required to credit significant amounts to customers.

Third parties also have used our communications services without paying, including by submitting fraudulent credit information and fraudulent credit card information. This has resulted in our incurring the cost of providing the services, including incurring call termination fees, without any corresponding revenue. We have implemented anti-fraud procedures in order to limit the expenses resulting from theft of service. If our procedures are not effective, theft of service could significantly increase our expenses and adversely affect our business, results of operations and financial condition.

If our customers or their end users do not accept the differences between our service and traditional telephone service, they may choose to remain with their current telephone service provider or may choose to return to service provided by traditional network service providers.

Aspects of our services based on VoIP, including our communications platform, are not the same as traditional network service providers. Our continued growth is dependent on the adoption of our services by mainstream customers and their end users, so these differences are important. For example:

- Our 911 calling and other emergency calling services are different, in significant respects, from the 911 and other emergency calling services associated with traditional wireline and wireless telephone providers and, in certain cases, with other VoIP providers.
- In the event of a power loss or Internet access interruption experienced by a customer, our service may be interrupted.
- Our customers' end users may experience lower call quality than they are used to from traditional wireline or wireless telephone companies, including static, echoes and delays in transmissions.
- Our customers' end users may not be able to call premium-rate telephone numbers such as 1-900 numbers and 976 numbers.

If current or potential customers or their end users are unwilling to accept these differences, or perceive our services as less reliable than traditional telephone services, they may choose to remain with their current providers, reduce their use of our services, or discontinue our services altogether. Any of these outcomes could adversely affect our ability to attract and retain customers and could negatively impact our business, results of operations, and financial condition.

We may lose customers if we experience failures of our system or communications platform that significantly disrupt the availability and quality of the services that we provide. Such failures may also cause interruptions to service delivery and the completion of other corporate functions.

Our operations depend on our ability to limit and mitigate interruptions or degradation in service for customers. Interruptions in service or performance problems, for whatever reason, could undermine our customers' confidence in our services and cause us to lose customers or make it more difficult to attract new ones. Because many of our services are critical to the businesses or daily lives of many of our customers or our customers' end users, any significant interruption or degradation in service also could result in lost profits or other losses to customers. Although our service agreements generally limit our liability for service failures and generally exclude any liability for "consequential" damages such as lost profits, a court might not enforce these limitations on liability, which could expose us to financial loss. We also sometimes provide our customers with committed service levels. If we fail to meet these committed service levels, we could be required to provide service credits or other compensation to our customers, which could adversely affect our results of operations.

The failure of any equipment or facility on our network, including our network operations control centers and network data storage locations, could interrupt customer service and other corporate functions until we complete necessary repairs or install replacement equipment. Our business continuity plans also may be inadequate to address a particular failure that we experience. Delays, errors or network equipment or facility failures could result from natural disasters, pandemics, disease, accidents, terrorist acts, acts of war, power losses, security breaches, vandalism or other illegal acts, computer viruses or other causes. These delays, errors or failures could significantly impair our business due to:

- service interruptions;
- malfunction of our communications platform on which our enterprise users rely for voice, messaging or emergency service functionality;
- exposure to customer liability;
- the inability to install new service;

- the unavailability of employees necessary to provide services;
- the delay in the completion of other corporate functions such as issuing bills and the preparation of financial statements; or
- the need for expensive modifications to our systems and infrastructure.

Defects or errors in our services could diminish demand for our services, harm our business and results of operations and subject us to liability.

Our customers use our services for important aspects of their businesses, and any errors, defects or disruptions to our services and any other performance problems with our services could damage our customers' businesses and, in turn, hurt our brand and reputation. We provide regular updates to our services, which have in the past contained, and may in the future contain, undetected errors, failures, vulnerabilities and bugs when first introduced or released. Real or perceived errors, failures or bugs in our services could result in negative publicity, loss of or delay in market acceptance of our platform, loss of competitive position, lower customer retention or claims by customers for losses sustained by them. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct the problem. In addition, we may not carry insurance sufficient to compensate us for any losses that may result from claims arising from defects or disruptions in our services. As a result, our brand and reputation could be harmed, and our business, results of operations and financial condition may be adversely affected.

If our emergency services do not function properly, we may be exposed to significant liability from our users.

Certain of our IP telephony offerings, as well as the 911 and other emergency services solutions that we offer are subject to FCC and other rules governing the delivery of emergency calling services. New 911 outage notification rules promulgated by the FCC in 2024 went into effect on April 15, 2025, which require us to deliver 911 outage notifications to Public Safety Answering Points. The rules and laws that govern emergency calling services are subject to change as communications technologies and consumer use cases continue to evolve. Similar to providers of IP telephony services, our 911 and other emergency services are different from those associated with traditional local telecommunications services. These differences may lead to an inability to make and complete calls that would not occur for users of traditional telephony services. For example, to provide the emergency calling services required by the FCC's rules to our IP telephony consumers, we may use components of both the wireline and wireless infrastructure in unique ways that can result in failed connections and calls routed to incorrect emergency call centers. Routing emergency calls through the Internet may be adversely affected by power outages and network congestion that may not occur for users of traditional telephony services. Emergency call centers may not be equipped with appropriate hardware or software to accurately process and respond to emergency calls initiated by consumers of our IP telephony services, and calls routed to the incorrect emergency call center can significantly delay response times for first responders. Users of our interconnected VoIP telephony services from a fixed address in the United States are required to manually update their location information for use when calling 911, and failure to do so may result in dispatching assistance to the wrong location. Even manual updates require a certain amount of time before the updated address appears in the relevant databases which could result in misrouting emergency calls to the wrong emergency calling center, dispatching first responders to the wrong address, or both. Similar requirements and delays applicable to relevant databases also apply to local emergency services provided outside the United States. Moreover, the relevant rules with respect to what address information should be provided to emergency call centers when the call originates from a mobile application are unsettled and evolving. As a result, we could be subject to enforcement action by the FCC or other entities — possibly exposing us to significant monetary penalties, cease and desist orders, civil liability, loss of user confidence in our services, loss of users, and other adverse consequences, which could materially harm our business. The FCC's rules, and some states, also impose other obligations, such as properly recording our customers' registered locations, obtaining affirmative acknowledgement from customers that they are aware of the differences between emergency calling services associated with IP telephony as compared with traditional telecommunications services, and distribution of appropriate warning labels to place on or near hardware used to place IP telephony calls. Similar obligations apply to local emergency services provided outside the United States. Failure to comply with these requirements, or

failure of our communications platform such that 911 and other emergency calls did not complete or were misrouted, may result in FCC, foreign regulatory or other enforcement action, state attorneys' general investigations, potential exposure to significant monetary penalties, cease and desist orders, civil liability to our users and their customers, loss of user confidence in our services, loss of users, and other adverse consequences, which could materially harm our business.

National regulations, including the FCC's rules, also require that we timely report certain 911 and other emergency service outages. The FCC or other applicable regulatory authorities may make inquiries regarding matters related to any reported 911 or other emergency service outage. Any inquiry could result in regulatory enforcement action, potential monetary penalties and other adverse consequences.

Any disruption to or termination of arrangements with key suppliers could cause delay and additional costs and could harm our relationships with current and prospective customers.

Our business is dependent on third-party carriers, suppliers for fiber, computers, software, transmission electronics and related network components, including network colocation facilities that are integrated into our network, some of which are critical to the operation of our business. If any of these third-party critical relationships is terminated, a supplier exits or curtails its business, a supplier fails to deliver critical services or equipment, or the supplier is forced to stop providing equipment or services due to supply chain issues or legal constraints, such as patent infringement, and we are unable to reach suitable alternative arrangements quickly, we may experience significant additional costs or an interruption, either temporary or permanent, in providing certain services to customers. If that happens, our business, results of operations and financial condition could be materially adversely affected. There can be no assurance that alternative components or equipment will be available when required or on terms that are commercially reasonable, which could extend our lead times, increase the cost of maintaining our network, result in service outages and otherwise harm our business, operating results and financial condition. We may not be able to continue to procure components at reasonable prices, which may require us to enter into longer-term contracts with component suppliers to obtain components at competitive prices. Any of the foregoing disruptions could exacerbate other risk factors and increase our costs and decrease our gross margins, harming our business, operating results and financial condition.

Many of our third-party suppliers do not have long-term committed contracts with us and may interrupt services or terminate their agreements with us without notice or by providing 30 days prior written notice. Although we expect that we could receive similar services from other third-party suppliers, if any of our arrangements with our third-party suppliers are terminated or interrupted, we could experience interruptions in our ability to make our services available to customers, as well as delays and additional expenses in arranging alternative providers. If a significant portion of our third-party suppliers fail to provide these services to us on a cost-effective basis or otherwise terminate or interrupt these services, the delay caused by qualifying and switching to other providers could be time consuming and costly and could adversely affect our business, results of operations and financial condition.

In addition, other key suppliers upon which we rely could be unwilling or unable to provide us with the materials or services that we need to operate our communications platform on a timely basis or on terms that we find acceptable. Our financial counterparties, insurance providers or others also may default on their contractual obligations to us. If any of our key suppliers fail to continue to provide us with the materials or services that we rely upon to operate, we may not be able to replace them without disruptions to, or deterioration of, our services and we may incur higher costs associated with new suppliers. Transitioning to new suppliers also may result in the loss of the value of assets associated with the integration of third-party services into our network or service offerings.

Our customer churn rate may increase.

Customer churn occurs when a customer reduces usage or discontinues service with us, whether voluntarily or involuntarily, such as a customer switching some or all of its usage to a competitor or going out of business. Changes in the economy, increased competition from other providers, cyber incidents such as the DDoS attack we experienced in late 2021, customer service preferences, or issues with the quality of service we deliver can impact our customer churn rate. We cannot predict future pricing by our competitors, but we anticipate that price competition will continue. Lower prices offered by our competitors could contribute to an increase in customer churn. We cannot predict the timing, duration or magnitude of any deteriorated economic conditions or its impact on our target of customers. Higher customer churn rates could adversely affect our revenue growth. Higher customer churn rates could cause our net retention rate to decline. A sustained and significant growth in the churn rate could have a material adverse effect on our business.

The market prices for certain of our services have decreased in the past and may decrease in the future, resulting in lower revenue than we anticipate.

Market prices for certain of our services have decreased over recent years. These decreases resulted from downward market pressure and other factors including:

- technological changes and network expansions, which have resulted in increased transmission capacity available for sale by us and by our competitors; and
- some of our competitors have been willing to accept smaller operating margins in the short term in an attempt to increase long-term revenue.

To retain customers and revenue, we must sometimes reduce prices in response to market conditions and trends. We cannot predict to what extent we may need to reduce our prices to remain competitive or whether we will be able to sustain future pricing levels as our competitors introduce competing services or similar services at lower prices. Our ability to meet price competition may depend on our ability to operate at costs equal to or lower than our competitors or potential competitors. As our prices for some of our services decrease, our operating results may suffer unless we are able to either reduce our operating expenses or increase traffic volume from which we can derive additional revenue.

The need to obtain additional IP circuits from other providers increases our costs. In addition, the need to interconnect our network to networks that are controlled by others could increase our costs and adversely impact our business.

We lease all of our IP circuits from third parties. We could incur material expenses if we were required to locate alternative IP circuits. We may not be able to obtain reasonable alternative IP circuits if needed. Failure to obtain usage of alternative IP circuits, if necessary, could have a material adverse effect on our ability to carry on business operations. In addition, some of our agreements with other providers require the payment of amounts for services whether or not those services are used. Our reliance on third-party providers may reduce our operating flexibility, ability to make timely service changes and ability to control quality of service.

In the normal course of business, we need to enter into interconnection agreements with many local telephone companies, as well as the owners of networks that our customers desire to access to deliver their services. We are not always able to secure these interconnection agreements on favorable terms. In some jurisdictions, we rely on third-party access and networks for local connectivity. We are not always able to secure this access and local connectivity on favorable terms. Costs of obtaining service from other communications carriers comprise a significant proportion of the operating expenses of long distance carriers. Changes in regulation, particularly the regulation of telecommunication carriers and local access network owners, could indirectly, but significantly, affect our competitive position. These changes could increase or decrease the costs of providing our services. Further, if problems occur with our third-party providers or local telephone companies, it may cause errors or poor quality communications, and we could encounter difficulties identifying the source of the problem. The occurrence of

errors or poor quality communications on our services, whether caused by our platform or a third-party provider, may result in the loss of our existing customers or the delay of adoption of our services by potential customers and may adversely affect our business, results of operations and financial condition.

Network providers also may institute additional fees due to regulatory, competitive or other industry-related changes that increase our costs. For example, the major U.S. cellular carriers and their intermediaries have added a variety of fees that are applied to A2P messages delivered to their subscribers. While we may be able to negotiate with network providers, absorb the increased costs, or charge these costs to our customers, we cannot assure you that we will be able to do so. In the case of new A2P fees, we currently pass, and expect to continue to pass, these fees on to our customers who send A2P messages to the carrier's subscribers. This is expected to increase our revenue and cost of goods sold, but is not expected to impact the gross profit received for sending these messages. However, these changes may still have a negative impact on our gross margins mathematically. We also may not be able to effectively respond to any new fees if all network providers in a particular market impose equivalent fee structures, if the magnitude of the fees is disproportionately large when compared to the underlying prices paid by our customers, or if market conditions limit our ability to increase the prices we charge our customers.

In connection with the delivery of text messages to customers of mobile carriers in the U.S., and in certain other instances, our customers' traffic must be routed through intermediaries who have direct access to network service providers. Although we are seeking direct connections with network service providers in a number of countries, we expect that we will continue to rely on intermediaries for these services for some period of time. These intermediaries sometimes have offerings that directly compete with our products and may stop providing services to us on a cost-effective basis. If a significant portion of these intermediaries stop providing services or stop providing services on a cost-effective basis, our business could be adversely affected.

We depend largely on the continued services of our senior management and other key employees, the loss of any of whom could adversely affect our business, results of operations and financial condition.

Our future performance depends on the continued services and contributions of our senior management and other key employees to execute on our business plan, to develop our platform, to deliver our services to customers, to attract and retain customers and to identify and pursue opportunities. The loss of services of senior management or other key employees, such as those who develop and maintain our service offerings, could significantly delay or prevent the achievement of our development and strategic objectives. In particular, we depend to a considerable degree on the vision, skills, experience and effort of our Chief Executive Officer, David A. Morken. The replacement of any of our senior management personnel or other key employees can involve significant time and costs, and such loss could significantly delay or prevent the achievement of our business objectives. The loss of the services of our senior management or other key employees for any reason could adversely affect our business, results of operations and financial condition.

If we are unable to hire, retain and motivate qualified personnel, our business will suffer.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel, and our inability to do so could adversely affect our business, results of operations and financial condition. Competition for talent in the technology industry has become increasingly intense, and the market to recruit, retain and motivate talent has become even more competitive. Many key individual contributors, particularly in software development, artificial intelligence, sales and cloud computing and telecommunications infrastructure, are critical to our success and can attract very significant compensation packages. In addition, we believe that there is, and will continue to be, intense competition for highly skilled management, technical, sales and other personnel with experience in our industry in the Raleigh, North Carolina area, where our corporate headquarters are located, and in other geographic locations where we maintain offices.

We have experienced and may continue to experience difficulties attracting, hiring and retaining highly-skilled personnel with appropriate qualifications, and may not be able to fill positions in desired geographic areas or at all. These difficulties may be exacerbated by the reactions of employees and prospective employees to our policies related to remote working flexibility. As a result, we have also experienced and may continue to experience increased compensation and training costs that may not be offset by either improved productivity or higher sales, which could reduce our profitability.

We seek to provide competitive compensation packages and a high-quality work environment to hire, retain and motivate employees. If we are unable to retain and motivate our existing employees and attract qualified personnel to fill key positions, we may be unable to manage our business effectively, including the development, marketing and sale of our services, which could adversely affect our business, results of operations and financial condition. To the extent we hire personnel from competitors, we also may be subject to allegations that they have been improperly solicited or hired, or that they divulged proprietary or other confidential information.

Volatility or declines in our stock price may also affect our ability to attract and retain key personnel. Employees may be more likely to terminate their employment with us if the shares they own or the shares underlying any restricted stock units have not significantly appreciated in value, or if the value of the shares underlying restricted stock units they hold has depreciated significantly. If we are unable to retain our employees, our business, results of operations and financial condition could be adversely affected.

We could be subject to additional tax liabilities for historic and future sales, use and similar taxes, which could adversely affect our results of operations.

We conduct operations in many tax jurisdictions throughout the United States and internationally. In many of these jurisdictions, non-income-based taxes such as sales, use and telecommunications taxes, including those associated with (or potentially associated with) VoIP telephony services or 911 services, are or may be assessed on our operations. We also face exposure to other non-income-based international taxes such as value added taxes that are or may be assessed on our operations. The systems and procedures necessary to comply in these jurisdictions are complex to develop and challenging to implement. Additionally, we rely heavily on third parties to provide us with key software and services for compliance. If these third parties cease to provide those services to us for any reason, or fail to perform services accurately and completely, we may not be able to accurately bill, collect or remit applicable non-income-based taxes. Historically, we have not billed or collected certain of these taxes and, in accordance with GAAP, we have recorded a provision for our tax exposure in these jurisdictions when it is both probable that a liability has been incurred and the amount of the exposure can be reasonably estimated. These estimates include several key assumptions including, but not limited to, the taxability of our services, the jurisdictions in which we believe we have nexus, and the sourcing of revenue to those jurisdictions. In the event these jurisdictions challenge our assumptions and analysis, our actual exposure could differ materially from our current estimates.

Taxing authorities also may periodically perform audits to verify compliance and include all periods that remain open under applicable law, which customarily range from three to four years. At any point in time, we may undergo audits that could result in significant assessments of past taxes, fines and interest if we were found to be non-compliant. During the course of an audit, a taxing authority may, as a matter of policy, question our interpretation and/or application of their rules in a manner that, if we were not successful in substantiating our position, could potentially result in a significant financial impact to us. See also “Part II, Item 1. Legal Proceedings” in this Quarterly Report on Form 10-Q.

Furthermore, certain jurisdictions in which we do not collect sales, use and similar taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future. Such tax assessments, penalties and interest or future requirements may adversely affect our business, results of operations and financial condition.

Our global operations and legal entity structure subject us to potentially adverse income tax consequences.

We conduct our international operations through subsidiaries and branches, and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. Also, our tax expense could be affected depending on the applicability of withholding and other taxes under the tax laws of certain jurisdictions in which we have business operations. The relevant revenue and taxing authorities may disagree with positions we have taken generally, or our determinations as to income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, interest and penalties, which could result in additional tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

We are unable to predict what global or U.S. tax reforms may be proposed or enacted in the future or what effects such future changes would have on our business. Any such changes in tax legislation, regulations, policies or practices in the jurisdictions in which we operate could increase the estimated tax liability that we have expensed to date and paid or accrued on our balance sheet; affect our financial position, future results of operations, cash flows, and effective tax rates where we have operations; reduce post-tax returns to our stockholders; and increase the complexity, burden, and cost of tax compliance. We are subject to potential changes in relevant tax, accounting, and other laws, regulations, and interpretations, including changes to tax laws applicable to corporate multinationals.

Certain government agencies in jurisdictions where we and our affiliates do business have had an extended focus on issues related to the taxation of multinational companies. For example, on October 8, 2021, the Organisation for Economic Co-operation and Development (the “OECD”) announced the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (the “Framework”) which agreed to a two-pillar solution to address tax challenges arising from digitalization of the economy. On December 20, 2021, the OECD released model rules for the domestic implementation of a 15% global minimum tax. Many countries have implemented legislation and other guidance to align their international tax rules with the OECD’s Framework recommendations and action plan that aim to standardize and modernize global corporate tax policy, including changes to cross-border tax, transfer pricing documentation rules, and nexus-based tax incentive practices. Further, several countries have proposed or enacted taxes applicable to digital services, which could apply to our business. As a result of these developments, the tax laws of certain countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could increase our liabilities for taxes, interest and penalties, and therefore could harm our business, cash flows, results of operations and financial position. As we continue to scale our international business, any changes to our global business activities may impact our effective tax rate in the future.

Our ability to use our net operating loss and tax credit carryforwards to offset future taxable income may be subject to certain limitations.

The future utilization of our net operating loss and tax credit carryforwards (collectively, “Tax Attributes”) may be limited due to changes in ownership as defined under Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”). In general, if we experience a greater than 50% aggregate change in ownership of certain significant stockholders or groups over a three-year period, utilization of our pre-change Tax Attributes is subject to an annual limitation under Section 382 of the Code (and similar state laws). The annual limitation generally is determined by multiplying the value of our stock at the time of such ownership change (subject to certain adjustments) by the applicable long-term tax-exempt rate. Such limitations may result in expiration of a portion of the pre-change Tax Attributes before utilization and may be substantial. In the past we may have experienced, and in the future may experience, ownership changes as a result of subsequent shifts in our stock ownership. As a result, if we earn net taxable income, our ability to use our pre-change Tax Attributes to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us.

If we redeem or repurchase shares of our stock in the future, we could be subject to an excise tax.

The Inflation Reduction Act of 2022 imposed a 1% excise tax on the fair market value of stock on certain repurchases (including redemptions) of stock by publicly traded corporations on or after January 1, 2023, subject to certain exceptions (including an exception that allows netting the amount of stock redemptions or repurchases against certain new issuances of stock). Subsequently, the U.S. Department of the Treasury issued final regulations providing additional rules about this excise tax. If we redeem or repurchase shares of our stock in the future, we could be subject to this excise tax, unless we qualify for any of the exceptions that are provided in the Inflation Reduction Act, in the final regulations, or in other future laws, regulations or rules. Any such excise tax would be our liability and could increase the amount of tax that we are required to pay.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition and deferred revenue, goodwill and intangible assets, and income taxes. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our Class A common stock.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), and the rules and regulations of the applicable listing standards of the NASDAQ Global Select Market. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly and place significant strain on our personnel, systems and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. Our disclosure controls and other procedures are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers, and we continue to evaluate how to improve controls. We are also continuing to improve our internal control over financial reporting. In order to develop, maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our consolidated financial statements for prior periods.

Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the NASDAQ Global Select Market.

Our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting. Our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could have a material and adverse effect on our business, results of operations and financial condition and could cause a decline in the trading price of our Class A common stock.

If our goodwill or intangible assets become impaired, we may be required to record a significant charge to earnings.

We review our intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. An adverse change in market conditions, particularly if such change has the effect of changing one of our critical assumptions or estimates, could result in a change to the estimation of fair value that could result in an impairment charge to our goodwill or intangible assets. Any such charges may adversely affect our results of operations.

We face exposure to foreign currency exchange rate fluctuations, and such fluctuations could adversely affect our business, results of operations and financial condition.

We face exposure to the effects of fluctuations in currency exchange rates. While historically we have primarily transacted in U.S. dollars, we generally have transacted with customers and partners in Europe in British Pounds and Euros. We expect to expand the number of transactions with customers and partners that are denominated in foreign currencies in the future as we continue to expand our business internationally. We also incur expenses for some of our network service provider costs outside of the United States in local currencies and for employee compensation and other operating expenses in local currency. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in an increase to the U.S. dollar equivalent of such expenses.

In addition, our international subsidiaries maintain net assets denominated in currencies other than the functional operating currencies of these entities. As we expand our international operations, we will become more exposed to the effects of fluctuations in currency exchange rates. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar may affect our results of operations due to transactional and translational re-measurements. Such foreign currency exchange rate fluctuations could make it more difficult to detect underlying trends in our business and results of operations. The trading price of our Class A common stock also could be adversely affected if fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors and securities analysts who follow our stock.

We do not currently maintain a program to hedge transactional exposures in foreign currencies. However, in the future, we may use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

Earthquakes, hurricanes, fires, floods, pandemics, power outages, terrorist attacks, acts of war, civilian unrest and other significant events could disrupt our business and ability to serve our clients.

A significant event, such as an earthquake, hurricane, a fire, a flood, a pandemic, a power outage, terrorist attack, act of war, such as the ongoing Russia-Ukraine conflict or the conflict between the United States-Israel and Iran, or civilian unrest, could have a material adverse effect on our business, results of operations or financial condition. Health concerns or governmental, legal, political or regulatory developments in the United States or other countries in which we or our customers, partners and service providers operate could cause economic, labor or social instability and reduce demand for our services or impair our ability to operate.

Our IP network is designed to be redundant and to offer seamless backup support in an emergency. While our network is designed to withstand the loss of any one data center at any point in time, the simultaneous failure of multiple data centers could disrupt our ability to serve our clients. Additionally, certain of our capabilities cannot be made redundant feasibly or cost-effectively. Acts of physical or cyber terrorism or other geopolitical unrest, including acts of war, also could cause disruptions in our business.

If any of these events occur and our disaster recovery or business continuity plans prove to be inadequate, we could experience prolonged service outages, data loss, delays in billing or financial reporting, increased costs and damage to our reputation, any of which could adversely affect our business, results of operations, and financial condition.

We may acquire or invest in companies, which may divert our management's attention and result in debt or dilution to our stockholders. We may not be able to efficiently and effectively integrate acquired operations, and thus may not fully realize the anticipated benefits from such acquisitions.

We may evaluate and consider potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products and other assets in the future. We may also enter into relationships with other businesses to expand our products and platform, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing or investments in other companies.

Achieving the anticipated benefits of any acquisitions depends in part upon whether we can integrate new businesses in an efficient and effective manner. The integration of any acquired businesses involves a number of risks, including, but not limited to:

- demands on management related to any significant increase in size after the acquisition;
- the disruption of ongoing business and the diversion of management's attention from the management of daily operations to management of integration activities;
- failure to fully achieve expected synergies and costs savings;
- unanticipated impediments in the integration of departments, systems, including accounting systems, technologies, books and records and procedures, as well as in maintaining uniform standards, controls, including internal control over financial reporting required by the Sarbanes-Oxley Act, procedures and policies;
- difficulty establishing and maintaining appropriate governance, reporting relationships, policies, controls, and procedures for the acquired business, particularly if it is based in a country or region where we did not previously operate;
- new or more stringent regulatory compliance obligations and costs by virtue of the acquisition, including risks related to international acquisitions that may operate in new jurisdictions or geographic areas where we may have no or limited experience;
- loss of customers or the failure of customers to order incremental services that we expect them to order;

- difficulty and delays in integrating the products, technology platforms, operations, systems, and personnel of the acquired business with our own, particularly if the acquired business is outside of our core competencies and current geographic markets;
- failure to provision services that are ordered by customers during the integration period;
- higher integration costs than anticipated;
- difficulties in the assimilation and retention of highly qualified, experienced employees, many of whom may be geographically dispersed;
- litigation, investigations, proceedings, fines, or penalties arising from or relating to the transaction or the acquired business, and any resulting liabilities may exceed our forecasts;
- acquisition of businesses with different revenue models, different contractual relationships, and increased customer concentration risks;
- assumption of long-term contractual obligations, commitments, or liabilities (for example, the costs associated with leased facilities), which could adversely impact our efforts to achieve and maintain profitability and impair our cash flow;
- failure to successfully evaluate or utilize the acquired business' technology and accurately forecast the financial impact of an acquisition, including accounting charges; and
- drag on our overall revenue growth rate or an increase of our net loss, which could cause analysts and investors to reduce their valuation of our company.

Successful integration of any acquired businesses or operations will depend on our ability to manage these operations, realize opportunities for revenue growth presented by strengthened service offerings and expanded geographic market coverage, obtain better terms from our vendors due to increased buying power, and eliminate redundant and excess costs to fully realize the expected synergies. Because of difficulties in combining geographically distant operations and systems which may not be fully compatible, we may not be able to achieve the financial strength and growth we anticipate from the acquisitions.

We may not realize our anticipated benefits from our acquisitions, if any, or may be unable to efficiently and effectively integrate acquired operations as planned. If we fail to integrate acquired businesses and operations efficiently and effectively or fail to realize the benefits we anticipate, we would be likely to experience material adverse effects on our business, financial condition, results of operations and future prospects.

Acquisitions or investments may also require us to issue debt or equity securities, use our cash resources, incur debt or contingent liabilities, amortize intangibles, or write-off acquisition-related expenses. In addition, we cannot predict market reactions to any acquisitions we may make or to any failure to announce any future acquisitions.

While we would conduct due diligence in connection with any acquisition opportunities, there may be risks or liabilities that such due diligence efforts fail to discover, that are not disclosed to us or that we inadequately assess. The failure to timely identify any material liabilities associated with any acquisitions could adversely affect our business, results of operations, and financial condition.

Risks Related to the Convertible Notes

Servicing our debt requires a significant amount of cash, and additional indebtedness could intensify the risk associated with our indebtedness.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance the Convertible Notes depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional debt

financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. In addition, any of our future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our indebtedness.

We and our subsidiaries may also be able to incur substantial additional debt in the future, some of which may be secured debt. We will not be restricted under the terms of the indentures governing the Convertible Notes from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that could have the effect of diminishing our ability to make payments on the Convertible Notes when due.

We may not have the ability to raise the funds necessary for cash settlement upon conversion of the Convertible Notes or to repurchase the Convertible Notes for cash following a fundamental change, and the conditional conversion feature of the Convertible Notes, if triggered, may adversely affect our financial conditions and operating results.

Subject to limited exceptions, holders of the Convertible Notes have the right to require us to repurchase their Convertible Notes upon the occurrence of a fundamental change at a cash repurchase price generally equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. In addition, upon conversion of the Convertible Notes, unless we elect to deliver solely shares of our Class A common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Convertible Notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Convertible Notes surrendered therefor or pay the cash amounts due upon conversion. In addition, our ability to repurchase the Convertible Notes or to pay cash upon conversions of the Convertible Notes may be limited by applicable law, by regulatory authorities or by agreements governing our future indebtedness. Our failure to repurchase the Convertible Notes at a time when such repurchase is required by the indentures governing the Convertible Notes or to pay the cash amounts due upon future conversions of the Convertible Notes as required by such indentures would constitute a default under such indentures. A default under the indentures governing the Convertible Notes or the fundamental change itself may also lead to a default under agreements governing our existing or future indebtedness, which may result in such existing or future indebtedness becoming immediately payable in full. We may not have sufficient funds to satisfy all amounts due under such existing or future indebtedness and repurchase the Convertible Notes or make cash payments upon conversions thereof.

In addition, if the conditional conversion feature of the Convertible Notes is triggered, holders of Convertible Notes will be entitled to convert the Convertible Notes at any time during specified periods at their option as described in the indentures governing the Convertible Notes. If one or more holders elect to convert their Convertible Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Convertible Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Convertible Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The Capped Calls may affect the value of the Convertible Notes and our Class A common stock.

In connection with the pricing of our 0.50% Convertible Notes due April 1, 2028 (the “2028 Convertible Notes” and, together with the 2032 Convertible Notes, the “Convertible Notes”) and the 2032 Convertible Notes, we entered into privately negotiated capped call transactions (the “2028 Capped Calls” and the “2032 Capped Calls,” respectively and, collectively, the “Capped Calls”) with certain financial institutions (the “option counterparties”). The Capped Calls are expected generally to reduce the potential dilution upon any conversion of the Convertible Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Convertible Notes, as the case may be, with such reduction and/or offset subject to a cap.

We have been advised that, in connection with establishing their initial hedges of the Capped Calls, the option counterparties or their respective affiliates entered into various derivative transactions with respect to our Class A common stock concurrently with or shortly after the pricing of the Convertible Notes.

In addition, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our Class A common stock and/or purchasing or selling our Class A common stock or other securities of ours in secondary market transactions from time to time prior to the maturity of the Convertible Notes (and are likely to do so during any observation period related to a conversion of Convertible Notes). This activity could also cause or avoid an increase or a decrease in the market price of our Class A common stock or the Convertible Notes, which could affect your ability to convert the Convertible Notes and, to the extent the activity occurs during any observation period related to a conversion of Convertible Notes, it could affect the number of shares and value of the consideration that you will receive upon conversion of such Convertible Notes.

We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the Convertible Notes or our Class A common stock. In addition, we do not make any representation that the option counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We are subject to counterparty risk with respect to the Capped Calls.

The option counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the Capped Calls. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the capped call transactions with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our Class A common stock. In addition, upon a default by an option counterparty, we may suffer more dilution than we currently anticipate with respect to our Class A common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

Risks Related to Ownership of Our Class A Common Stock

The trading price of our Class A common stock may be volatile, and you could lose all or part of your investment.

Prior to our initial public offering, there was no public market for shares of our Class A common stock. On November 10, 2017, we sold shares of our Class A common stock to the public at \$20.00 per share. From November 10, 2017, the date that our Class A common stock began trading on the NASDAQ Global Select Market, through June 30, 2026, the trading price of our Class A common stock has ranged from \$9.20 per share to \$198.61 per share. The trading price of our Class A common stock may continue to be volatile and could fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- general market volatility caused by epidemics, endemics and pandemics, acts of war, or other significant domestic or international events;
- price and volume fluctuations in the overall stock market from time to time;
- volatility in the trading prices and trading volumes of technology stocks;
- volatility in the trading volumes of our Class A common stock;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- sales of shares of our Class A common stock by us or our stockholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in those projections or our failure to meet those projections;
- announcements by us or our competitors of new products or services;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both;
- regulatory actions or developments affecting our operations, those of our competitors or our industry more broadly;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses, products, services or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- new rules adopted by certain index providers, such as S&P Dow Jones, that limit or preclude inclusion of companies with multi-class capital structures in certain of their indices;
- any significant change in our management; and
- general economic conditions and slow or negative growth of our markets.

In addition, in the past, securities class action litigation has often been instituted following periods of volatility in the overall market and the market price of a particular company's securities. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Substantial future sales of shares of our Class A common stock could cause the market price of our Class A common stock to decline.

The market price of our Class A common stock could decline as a result of substantial sales of our Class A common stock, particularly sales by our directors, executive officers and significant stockholders, or the perception in the market that holders of a large number of shares intend to sell their shares.

Additionally, we rely on equity-based compensation as an important tool in attracting, retaining and motivating our employees. Shares of Class A common stock issued upon the exercise of outstanding options and upon the vesting of restricted stock unit awards under our equity incentive plans, and the shares reserved for future issuance under our equity incentive plans, will become eligible for sale in the public market upon issuance and will result in dilution to existing holders of our Class A common stock. Certain holders of our Class A common stock have rights, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for our stockholders or ourselves.

The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of our initial public offering. This may limit or preclude stockholders' ability to influence corporate matters, including the election of directors, amendments to our organizational documents and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval.

Our Class A common stock has one vote per share, and our Class B common stock has ten votes per share. Substantially all of our Class B common stock continues to be held by our co-Founder, Chairman and CEO, David A. Morken, and our co-Founder Henry Kaestner. Because of the ten-to-one voting ratio between our Class B and Class A common stock, these holders of our Class B common stock collectively control approximately 40% of the combined voting power of our common stock and therefore would be able to exert significant influence over all matters submitted to our stockholders for approval. This concentrated voting control limits or precludes stockholders' ability to influence corporate matters for the foreseeable future, including the election of directors, amendments to our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that stockholders may feel are in their best interest as one of our stockholders. Moreover, this concentration of ownership may also adversely affect the trading price for our Class A common stock to the extent investors believe there are disadvantages in owning stock of a company that are perceived to have controlling stockholders.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term.

We cannot predict the impact our capital structure may have on our stock price.

In July 2017, S&P Dow Jones, a provider of widely followed stock indices, announced that companies with multiple share classes, such as ours, would not be eligible for inclusion in certain of their indices. As a result, our Class A common stock is not eligible for these stock indices. Many investment funds are precluded from investing in companies that are not included in such indices, and these funds are unable to purchase our Class A common stock if we are not included in such indices. We cannot assure you that other stock indices will not take a similar approach to S&P Dow Jones in the future. Exclusion from indices could make our Class A common stock less attractive to investors and, as a result, the market price of our Class A common stock could be adversely affected.

In addition, several stockholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our common stock may cause stockholder advisory firms to publish negative commentary about our corporate governance practices, recommend that stockholders vote against our recommendations at stockholder meetings, or otherwise seek to cause us to change our capital structure. Any actions or publications by stockholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A common stock.

If securities or industry analysts cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our Class A common stock adversely, the trading price of our Class A common stock and trading volume could decline.

The trading market for our Class A common stock is influenced by the research and reports that securities or industry analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our Class A common stock in an adverse manner, or provide more favorable recommendations about our competitors relative to us, the trading price of our Class A common stock would likely decline. If any analyst who covers us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price of our Class A common stock or trading volume to decline.

Anti-takeover provisions contained in our second amended and restated certificate of incorporation and third amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our second amended and restated certificate of incorporation, third amended and restated bylaws and Delaware law contain provisions which could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors. Among other things, our second amended and restated certificate of incorporation and third amended and restated bylaws include provisions:

- authorizing “blank check” preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our Class A and Class B common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings;
- providing for a dual class common stock structure in which holders of our Class B common stock have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the outstanding shares of our Class A and Class B common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets;
- providing that our board of directors is classified into three classes of directors with staggered three-year terms;
- prohibiting stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- requiring super-majority voting to amend some provisions in our second amended and restated certificate of incorporation and third amended and restated bylaws;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors; and
- controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents certain stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of at least two-thirds of our outstanding common stock not held by such 15% or greater stockholder.

Any provision of our second amended and restated certificate of incorporation, third amended and restated bylaws or Delaware law that has the effect of delaying, preventing or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock and could also affect the price that some investors are willing to pay for our Class A common stock.

Our second amended and restated certificate of incorporation and our third amended and restated bylaws include super-majority voting provisions that will limit your ability to influence corporate matters.

Our second amended and restated certificate of incorporation and our third amended and restated bylaws include provisions that require the affirmative vote of two-thirds of all of the outstanding shares of our capital stock entitled to vote to effect certain changes. These changes include amending or repealing our third amended and restated bylaws or second amended and restated certificate of incorporation, or removing a director from office for cause. If all or substantially all of the holders of our Class B common stock convert their shares into Class A common stock voluntarily or otherwise, Mr. Morken may control the majority of the voting power of our outstanding capital stock, and therefore he may have the ability to prevent any such changes, which will limit a stockholder's ability to influence corporate matters.

Our third amended and restated bylaws provide, subject to certain exceptions, that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain stockholder litigation matters, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders.

Our third amended and restated bylaws provide, subject to limited exceptions, that the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or stockholder to us or our stockholders; (iii) any action asserting a claim against us that is governed by the internal affairs doctrine; or (iv) any action arising pursuant to any provision of the Delaware General Corporation Law, our second amended and restated certificate of incorporation or our third amended and restated bylaws. This exclusive forum provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act, which provides for exclusive jurisdiction of the federal courts. It could apply, however, to a suit that asserts claims under the Securities Act and falls within one or more of the categories enumerated in our choice of forum provision, inasmuch as Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. There is uncertainty as to whether a court would enforce such provision with respect to claims under the Securities Act, and our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

Our choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. While Delaware courts have determined that choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than that designated in our exclusive forum provision. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provision of our third amended and restated bylaws. Alternatively, if a court were to find the choice of forum provision contained in our third amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations.

We may need additional capital in the future and such capital may be limited or unavailable. Failure to raise capital when needed could prevent us from growing in accordance with our plans.

We may require more capital in the future from equity or debt financings to fund our operations, finance investments in equipment and infrastructure, acquire complementary businesses and technologies, and respond to competitive pressures and potential strategic opportunities. If we are required to raise additional funds through further issuances of equity or other securities convertible into equity, our existing stockholders could suffer significant dilution, and any new shares we issue could have rights, preferences or privileges senior to those of the holders of our Class A common stock. The additional capital we may seek may not be available on favorable terms or at all. If we are unable to obtain capital on favorable terms or at all, we may have to reduce our operations or forego opportunities, and this may have a material adverse effect on our business, financial condition and results of operations.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any cash dividends on our Class A common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

If a large number of shares of our Class A common stock is sold in the public market, the sales could reduce the trading price of our Class A common stock and impede our ability to raise future capital.

We cannot predict what effect, if any, future issuances by us of our Class A common stock will have on the market price of our Class A common stock. In addition, shares of our Class A common stock that we issue in connection with an acquisition may not be subject to resale restrictions. The market price of our Class A common stock could drop significantly if certain large holders of our Class A common stock, or recipients of our Class A common stock in connection with an acquisition, sell all or a significant portion of their shares of Class A common stock or are perceived by the market as intending to sell these shares other than in an orderly manner. In addition, these sales could impair our ability to raise capital through the sale of additional Class A common stock in the capital markets.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

In June 2026, we issued \$316 million in aggregate principal amount of the 2032 Convertible Notes. In connection with the offering of the 2032 Convertible Notes, we entered into the 2032 Capped Calls with certain counterparties. The 2032 Capped Calls each have an initial strike price of approximately \$72.64 per share, subject to certain adjustments, which corresponds to the initial conversion price of the 2032 Convertible Notes. The 2032 Capped Calls have initial cap prices of \$105.66 per share, subject to certain adjustments. The 2032 Capped Calls cover, subject to anti-dilution adjustments, approximately 4,353,592 shares of our Class A common stock. See Note 7, “Debt,” to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, for additional information about the 2032 Convertible Notes and 2032 Capped Calls.

We offered and sold the 2032 Convertible Notes to the initial purchasers in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act, and for resale by the initial purchasers to qualified institutional buyers pursuant to the exemption from registration provided by Rule 144A under the Securities Act. We relied on these exemptions from registration based in part on representations made by the initial purchasers in the purchase agreement dated June 15, 2026. The shares of Class A common stock issuable upon conversion of the 2032 Convertible Notes, if any, have not been registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

To the extent that any shares of Class A common stock are issued upon conversion of the 2032 Convertible Notes, they will be issued in transactions anticipated to be exempt from registration under the Securities Act by virtue of Section 3(a)(9) thereof, because no commission or other remuneration is expected to be paid in connection with conversion of the 2032 Convertible Notes, and any resulting issuance of shares of Class A common stock.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Information regarding purchases made by or on behalf of us or any “affiliated purchaser” (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended) of our Class A common stock during the three months ended June 30, 2026 is provided below (in thousands, except share and per share amounts):

Period	Total number of shares purchased ⁽¹⁾	Average price paid per share ⁽²⁾	Total number of shares purchased as part of publicly announced plan or program	Approximate dollar value of shares that may yet be purchased under publicly announced plan or program
April 1 - 30, 2026	—	\$ —	—	\$ 75,000
May 1 - 31, 2026	—	—	—	75,000
June 1 - 30, 2026	262,858	57.06	262,858	60,000
Total	262,858		262,858	

⁽¹⁾ On February 19, 2026, our Board of Directors authorized a share repurchase program of up to \$80 million shares of our outstanding Class A common stock, subject to market conditions, contractual restrictions and other factors. As of June 30, 2026, we had repurchased approximately \$20 million aggregate principal amount of shares of our Class A common stock under this program. Under the share repurchase program, we may purchase shares from time to time at the discretion of management through open market purchases, block trades, accelerated or other structured share repurchase programs, privately negotiated transactions, Rule 10b5-1 plans or other means. Open market repurchases will be structured to occur in accordance with applicable federal securities laws, including within the pricing and volume requirements of Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The manner, timing, pricing and amount of any transactions will be subject to the discretion of management and may be based upon market conditions, regulatory requirements and alternative opportunities that we may have for the use or investment of our capital. The program does not obligate us to acquire any particular amount of Class A common stock, and the program may be extended, modified, suspended or terminated at any time at our discretion.

⁽²⁾ The average price per share excludes transaction costs and excise tax associated with the repurchase, if any.

Item 5. Other Information

The following table describes any contracts, instructions or written plans for the sale or purchase of our securities adopted, amended or terminated by our directors or executive officers during the three months ended June 30, 2026, each of which is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c).

Name and Title	Date of Adoption of Rule 10b5-1 Trading Plan	Scheduled Expiration Date of Rule 10b5-1 Trading Plan	Aggregate Number of Securities to be Purchased or Sold
Douglas A. Suriano <i>Director</i>	5/18/2026	5/20/2027	Covers the sale of up to 16,000 shares of Class A common stock.
Lukas M. Roush <i>Director</i>	5/28/2026	12/31/2026	Covers the sale of up to 7,500 shares of Class A common stock.
Daryl E. Raiford ⁽¹⁾ <i>Chief Financial Officer</i>	6/3/2026	12/31/2026	Covers the sale of an indeterminate number of shares of Class A common stock issued upon future equity award vesting events.

⁽¹⁾ On June 3, 2026, the stock trading plan pursuant to Rule 10b5-1, adopted by Mr. Raiford on December 3, 2025, was modified.

On May 15, 2026, the stock trading plan pursuant to Rule 10b5-1, adopted by Mr. Morken, our Chief Executive Officer, on May 21, 2025, automatically terminated pursuant to its terms.

Item 6. Exhibits

Exhibit Index

<u>Exhibit number</u>	<u>Description of Exhibit</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>
3.1	Second Amended and Restated Certificate of Incorporation.	10-Q	001-38285	3.1	12/14/2017
3.2	Third Amended and Restated Bylaws.	8-K	001-38285	3.1	11/2/2023
4.1	Indenture, dated June 18, 2026, between Bandwidth Inc. and Wilmington Trust, National Association	8-K	001-38285	4.1	6/18/2026
4.2	Form of 0% Convertible Senior Notes due July 1, 2032 (included as Exhibit A to Exhibit 4.1)	8-K	001-38285	4.2	6/18/2026
10.1	Form of Capped Call Transaction	8-K	001-38285	10.1	6/18/2026
10.2	Third Amendment to Credit Agreement among Bandwidth Inc., certain subsidiaries of Bandwidth Inc., the several lenders from time to time party thereto, and Bank of America, N.A., dated as of July 25, 2026.				Filed herewith
31.1	Certificate of the Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				Filed herewith
31.2	Certification of the Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				Filed herewith
32.1*	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act 2002.				Furnished herewith
101.INS	XBRL Instance Document - the Instance Document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL Document.				Filed herewith
101.SCH	XBRL Taxonomy Schema Document.				Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				Filed herewith

* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

BANDWIDTH INC.

Date:	July 29, 2026	By:	<u>/s/ David A. Morken</u> David A. Morken Chief Executive Officer (Principal Executive Officer)
Date:	July 29, 2026	By:	<u>/s/ Daryl E. Raiford</u> Daryl E. Raiford Chief Financial Officer (Principal Financial Officer)
Date:	July 29, 2026	By:	<u>/s/ Devin M. Krupka</u> Devin M. Krupka Senior Vice President, Corporate Controller (Principal Accounting Officer)

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (this “Amendment”), dated as of July 25, 2026, is entered into by and among Bandwidth Inc., a Delaware corporation (the “Borrower”), the Guarantors party hereto, the Lenders party hereto, and Bank of America, N.A., as Administrative Agent, Swingline Lender and L/C Issuer.

RECITALS

WHEREAS, the Borrower, the Guarantors from time to time party thereto, the Lenders from time to time party thereto and the Administrative Agent entered into that certain Credit Agreement, dated as of August 1, 2023 (as amended, restated, modified, supplemented or extended from time to time prior to the date hereof, the “Credit Agreement”);

WHEREAS, the Borrower has requested that the Lenders amend the Credit Agreement to make certain modifications to the terms and provisions thereof, as more particularly described in Section 2 below; and

WHEREAS, the Lenders have agreed to make such amendments and other modifications to the terms and provisions of the Credit Agreement, on the terms, and subject to the conditions, set forth in this Amendment;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Introductory Paragraph and Recitals; Definitions. The above introductory paragraph and recitals of this Amendment are incorporated herein by reference as if fully set forth herein. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement (as amended by this Amendment or as in effect immediately prior to the effectiveness of this Amendment, as the context may require).

2. Amendments to Credit Agreement. Section 7.06(j) is hereby amended and restated to read, in its entirety, as follows:

(j) in addition to Restricted Payments otherwise expressly permitted by this Section 7.06, any Restricted Payments in an aggregate amount not to exceed the greater of (i) \$40,000,000 and (ii) 20% of TTM Consolidated EBITDA in any fiscal year of the Borrower so long as after giving effect thereto on a pro forma basis, the Consolidated Senior Secured Leverage Ratio shall be at least 0.50 to 1.00 (a “*half-turn*”) inside the maximum Consolidated Senior Secured Leverage Ratio then required pursuant to Section 7.01(a), calculated based on the most recent period of four consecutive fiscal quarters of the Borrower for which financial statements have been delivered pursuant to Sections 6.01(a) and (b);

3. Conditions Precedent. This Amendment shall be effective upon receipt by the Administrative Agent of counterparts of this Amendment properly executed by a Responsible Officer of each Loan Party, the Administrative Agent and by Lenders constituting the Required Lenders.

4. Fees and Expenses. The Borrower agrees to reimburse the Administrative Agent for all reasonable fees, charges and disbursements of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including the reasonable fees, charges and disbursements of Haynes and Boone, LLP.

5. Miscellaneous.

(a) Each of the Loan Parties hereby (i) acknowledges and consents to all of the terms and conditions of this Amendment, (ii) ratifies and affirms its obligations under the Loan Documents, (iii) agrees that (A) except to the extent expressly set forth herein, all of the terms and conditions of each of the Loan Documents to which it is party and its obligations thereunder shall remain unchanged and in full force and effect according to the terms thereof and (B) this Amendment and all documents executed in connection herewith do not operate to reduce or discharge its obligations under the Credit Agreement or any other Loan Document and (iv) affirms the Liens created and granted in the Loan Documents in favor of the Administrative Agent for the benefit of the Secured Parties and agrees that this Amendment does not adversely affect or impair such Liens and security interests in any manner.

(b) Upon the effectiveness hereof, all references to the Credit Agreement set forth in any other agreement or instrument shall, unless otherwise specifically provided, be references to the Credit Agreement as amended hereby.

(c) Each of the Loan Parties hereby represents and warrants to the Administrative Agent and the Lenders that (i) such Loan Party has taken all necessary action to authorize the execution, delivery and performance of this Amendment, (ii) the execution, delivery and performance by such Loan Party of this Amendment is within its corporate or limited liability powers, as applicable, (iii) this Amendment has been duly executed and delivered by such Loan Party and constitutes such Loan Party's legally valid and binding obligations, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law), (iv) no material consent, approval, authorization or order of, or filing, registration or qualification with, any court or Governmental Authority or third party is required in connection with the execution, delivery or performance by such Loan Party of this Amendment, except for those that have been obtained or made, as applicable, and remain in full force and effect as of the date hereof, (v) the execution, delivery and performance by such Loan Party of this Amendment do not violate any Requirement of Law or any material Contractual Obligation of such Loan Party or any of its Subsidiaries and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such material Contractual Obligation (other than the Liens created by the Collateral Documents), (vi) the representations and warranties of the Loan Parties set forth in Article V of the Credit Agreement and in each other Loan Document are (A) with respect to representations and warranties that contain a materiality qualification, true and correct, and (B) with respect to representations and warranties that do not contain a materiality qualification, true and correct in all material respects, in each case, on and as of the date hereof, except to the extent any such representation and warranty expressly relates to an earlier date, in which case such representation and warranty was true and correct in all material respects (or all respects, as applicable) as of such earlier date and (vii) as of the date hereof, no event has

occurred and is continuing which constitutes a Default or an Event of Default and no Default or Event of Default will exist after giving effect to this Amendment.

(d) This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. The terms of Section 11.18 of the Credit Agreement are incorporated herein by reference, *mutatis mutandis*.

(e) This Amendment shall be deemed to be, and is, a “Loan Document”.

(f) THIS AMENDMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OR RELATING TO THIS AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

BORROWER:

BANDWIDTH INC.,
a Delaware corporation

By: /s/ Daryl Raiford
Name: Daryl Raiford
Title: Chief Financial Officer

GUARANTORS:

BANDWIDTH.COM CLEC, LLC,
a Delaware limited liability company

By: /s/ Daryl Raiford
Name: Daryl Raiford
Title: Chief Financial Officer

OHANA CHILD DEVELOPMENT, LLC,
a Delaware limited liability company

By: /s/ Daryl Raiford
Name: Daryl Raiford
Title: Chief Financial Officer

THIRD AMENDMENT TO CREDIT AGREEMENT
BANDWIDTH

ADMINISTRATIVE AGENT: **BANK OF AMERICA, N.A.,**
as Administrative Agent

By: /s/ Dianna Benner
Name: Dianna Benner
Title: AVP

THIRD AMENDMENT TO CREDIT AGREEMENT
BANDWIDTH

LENDERS: **BANK OF AMERICA, N.A.,**
as a Lender, L/C Issuer and Swingline Lender

By: /s/ Mike McKenzie
Name: Mike McKenzie
Title: Authorized Signatory

THIRD AMENDMENT TO CREDIT AGREEMENT
BANDWIDTH

as a Lender

WELLS FARGO BANK, NATIONAL ASSOCIATION,

By: /s/ Denis Waltrich

Name: Denis Waltrich

Title: Executive Director

THIRD AMENDMENT TO CREDIT AGREEMENT
BANDWIDTH

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, David A. Morken, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bandwidth Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a—15(e) and 15d—15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2026

/s/ David A. Morken

David A. Morken

Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Daryl E. Raiford certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bandwidth Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a—15(e) and 15d—15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2026

/s/ Daryl E. Raiford

Daryl E. Raiford

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), David A. Morken, Chief Executive Officer of Bandwidth Inc. (the “Company”), and Daryl E. Raiford, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026, to which this Certification is attached as Exhibit 32.1 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 29, 2026

/s/ David A. Morken

David A. Morken

Chief Executive Officer

(Principal Executive Officer)

/s/ Daryl E. Raiford

Daryl E. Raiford

Chief Financial Officer

(Principal Financial Officer)